433, 162, 464, 439

Egypt	MR1
Turkey	MB1
●Iraq	MH1
Syria	MD1
Lebanon	ME1
Historical Palestine	MF2
Israel	MF1

/For an account of the economic effects of industrialization after World War II and information on industrial output in countries of the Middle East, see 66: Bonne, M1 Middle East, category 116 as follows: Egypt - pp. 293-298, p. 309, Turkey - pp. 298-300, 307-308, Syria and Lebanon - pp. 300-302, 309-310, Palestine - pp. 302-304, Israel - pp. 310-311./

1: Longrigg G-4,5 (ca.1915-1940) MH1 Iraq MH1

made by Persians in the Holy Cities. Rifles with Russian-made barrels were made in an old-established factory at Sulaymaniya and thence distributed over all Kurdistan. Tanning and leather-work were practised in the suburbs of Baghdad; but the products—shoes, belts, and saddles—were of low quality. The local river-craft, of primeval design, were fashioned crudely from imported wood and Euphrates bitumen, and use was made in lower 'Iraq of the lashed poles of the skin-supported *kelleks* which were drifted downstream from Mosul and Diyarbakr. Beds and baskets were made from the date frond, mats from the marsh reeds. These, with some soap-making and the Jewish industries of 'araq distillation and the fabrication of forged antiquities, complete the meagre list.

The 'Iraqi-Persian transit trade, a main economic factor, has been elsewhere mentioned (p. 13). To it as an 'invisible export' should be added the proceeds of the great Shi'i pilgrimages—life-blood of the Holy Cities—and those of Sunnis to the shrine of 'Abd al-Qadir al-Gaylani; and, with these, the money spent in 'Iraq by travellers and archaeologists, missions, and foreign consuls.

Apart from export and transit operations, the trade of the territory consisted of the import of those needed commodities which the country could not itself supply. The imports, except for some part brought overland from Syria, Najd, or Anatolia, all passed through Baṣra and were distributed from Baghdad, the unquestioned commercial capital. Cotton cloth, handled by Jewish and British firms, formed three-quarters of the whole. Most of this came from Manchester, a little from India, some silken and woollen goods from France and Austria. Coal reached 'Iraq from Wales, coffee from Brazil and the Yaman, gunny-bags and indigo from India, kerosene from the United States, sugar from Egypt, France, and Austria, wood and tea, yarns and spices from India, date-box wood from Austria, tobacco from Persia. Such, with lesser quantities of paper, hardware, zinc sheets, colours, candles, and fezes, were the imports which were distributed to the limits of the rural and urban population by way of merchant's warehouse, vaulted or mat-covered bazaar, village shop and wandering pedlar.

The currency of the three wilayas was that of the copper [illegible] (piastre), the silver majidiya, and the gold lira of the time, a [illegible] coinage adequate to all needs. The intrusion of the Indian [illegible] in Baṣra and of Persian coins in the middle Tigris towns and Kurdistan was of little inconvenience in an age of steady exchange rates, no restrictions, and no paper-money. A multitude of local weights and measures varied capriciously from district to district. Banking was represented by the Imperial Ottoman Bank, and by the shrewd operations of many local *ṣarrafs*.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

Of the exports of 'Iraq's natural produce, dates were the most consistently important, and supplied, as they do today, a high percentage of the world's needs; and although in preparation, packing, and the technique of marketing the date merchants were backward, yet the culture itself, favoured by every natural advantage, was highly developed, and the famous 'Iraq dates found their way copiously to America, Europe, India, East Africa, and the Persian Gulf. Rice was a considerable but variable export. Wheat and barley—especially the latter—failed to supply exportable surpluses only in years of drought or locust visitation; but the quantities varied widely, and the quality was reckoned among the world's lowest. A few tons of the seed-crops, some gums and gall-nuts from Kurdistan, liquorice-root from the Tigris banks, were smaller but characteristic exports.

The shipping of Arab horses to India was ancient but fluctuating. Hides and skins were sent to Istanbul and Western Europe, clarified fat to India and the Red Sea, mohair to Istanbul and Europe, intestine-linings for sausage-making to America, dog-manure (under its trade-name of 'pure') for tanning to Austria. Various grades of local wool were pressed for export to America and London. By land to Syria went 'Iraqi camels, sheep by way of Mosul to Aleppo, cattle for Egypt, buffaloes for Anatolia.

The forest areas of the mountain belt of northern 'Iraq offered a potential resource of some interest. Between one-tenth and one-fifth of the higher mountains was covered by fairly well grown and productive forest, and as much again by scrub not incapable of improvement. This, in a territory deficient in timber of all kinds and forced expensively to import it, might have seemed to call for development to meet 'Iraq's needs of building-timber, date-boxes, furniture, and fuel. In fact, unchecked quantities of charcoal and fuel, poles for roofing, and foliage for cattle fodder were taken yearly by Kurdish villagers as, without forethought or control, their local supply seemed to make possible. Protection against grazing, encroachment or fire were all equally unconsidered, re-afforestation was ignored, and the stripped hill-sides were offered to the force of winter rains; the resulting erosion would, by way of the descending rivers, deposit the Kurdish silt in the canals of lower 'Iraq and create there an unending problem of clearance. The trees of Kurdistan were oaks of more than one species—including the giver of gall-nuts—and, less numerous, the juniper, wild pear, pistachio nut, walnut, and maple: and, by stream banks on the lower levels, the poplar, willow, mulberry, plane, and tamarisk.

Agriculture was by far the greatest industry in the territory, and the occupation of four-fifths of its inhabitants; yet with all its

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

personal followers were unpunishable. Three *causes célèbres* of the period should be mentioned. The first was the murder in Mosul of Shaykh Sa'id Barzinji of Sulaymaniya on the first day of 1909. It was an act of defiant violence against a figure of the greatest eminence; and the aftermath of the murder convulsed the Sanjaq of Sulaymaniya. The second case was the murder of Farid Beg, General and ex-Mutaṣarrif of the Muntafiq, in Baṣra bazaar in June 1913. The third was the murder of Aḥmad Bey, Commandant of Gendarmerie in Baghdad, in August 1913.

In the urban services there was fitful progress. New buildings of some pretension appeared towards South Gate in Baghdad, in the outskirts of Karbalā and Mosul, at the 'Ashar suburb of Baṣra. The Tigris-side towns, and some of the Kurdish, developed fast. Kirkuk and Arbil doubled in size from 1890 to 1914. Ḥalabja under its Jaf dynasty was further embellished. Military hospitals and a very few municipal dispensaries made their appearance. The Jewish hospital of Mir Elias was opened in 1910, a new building for the C.M.S. in Baghdad was completed in 1913, while their Mosul hospital shut and reopened seasonally. But medical arrangements in general remained primitive, quarantine was still largely a bribe-extracting farce, and no efforts were made seriously to combat disease or malnutrition. Street lighting improved, hotels appeared in the larger towns under Armenian or Chaldean enterprise, a cinema was opened in Baghdad in 1911.

Cross-river steam-ferries, public gardens, wider streets, a zoo, improved steel bridges, tramways, electric lighting—all these had their place in the plans of incoming Walis and Mutaṣarrifs, and in fact some success in municipal improvement—in streets, gardens, offices, and amenities—emerged from this period, though the schemes even of a Nadhim Pasha remained nine-tenths abortive. The Kufa–Najf tramway was completed during this period. A company was formed in London in 1912 by a leading Baghdadi, Maḥmud Shahbandar, for electric tramways and lighting.

In trade and commerce there was some advance. The staple exports of the territory still varied annually according to the harvest and the level of inland security. The quantities of dates, grain, seeds, gall-nuts, gums, animals and animal products, and the transit items from Persia showed slight increases. The tonnage and value of imports had been more than doubled since 1900. The increase reflected largely the needs of railway construction, partly the increased use of irrigation and other machinery and paraffin, partly a perceptibly rising standard of urban life with its greater demands for cotton cloth, sugar, tea, and matches. The moderate inroads of Russia and Germany into the 'Iraq markets are elsewhere mentioned. The great bulk of import and export trade was

1: Longrigg G-4, 5 (ca. 1915-1940) MHI Iraq MHI

439 still divided between the British and the local Jewish firms. Of the former, those with offices at Baṣra in 1914 were Messrs. Lynch, Gray Mackenzie, Strick, and the Basra Trading Company, with the American firm of MacAndrew Forbes handling liquorice. At Baghdad British firms were Lynch, Blockey Cree, and Sassoon of Bombay. Attempts were twice made by an Englishman to found a tailoring business. The Imperial Ottoman Bank had branches at [453] Baghdad and Baṣra under French or Anglo-French control; the Imperial Bank of Persia appeared, only to disappear again as being unwelcome (to its rivals) in Turkish territory; the Eastern Bank opened in Baghdad in 1912. The local currency remained stable, paper money still unknown, and exchanges predictable. Much damage to trade was done by Walis' unwise instructions in the direction of price control and of prohibition on the export of foodstuffs in the supposed interests of 'Iraqi consumers. Nothing stopped shameless hoarding by the rich in years of scarcity.

369 Outside the towns and placid suburban areas the picture of
178 tribal near-anarchy painted by foreign travellers and residents in the
579 'Iraq of 1900 to 1914 is a painful one. But though it is true that standards of security were low, lawless episodes despairingly repeated, and Government forces never adequate, conditions had been much worse in the past. The many new townships and police posts, increasing traffic, wider cultivation, and (for better or worse) greater Government penetration showed substantial advance from the conditions of the previous century. It was in part misleading that quicker communication tended to ventilate throughout the country episodes formerly of mere local interest. Standards, too, with the Europeanization of Government and the increased foreign interests, had become more exacting: the activities of raiders or bandits were counted scandalous where, years ago, they had passed as normal and unremarked. The tribes were more subdivided and thus weakened; resistance to Government by a united tribe was ever rarer. The shaykhs increasingly became involved in town life and politics, and Government decreasingly willing to close its eyes to tribal disobedience; direct administration was the order of the day, and for every day and place in which tribal violence was reported there were long periods and wide spaces of calm.

619 The Shammar, torn by their own rivalries and at perpetual feud
721 with the Milli and 'Aniza, presented until 1909 the complete picture of desert restlessness. Thereafter, the fall and death of Ibrahim Pasha Milli redressed the balance in Shammar favour; the Milli disappeared as a formidable unit, the northern 'Aniza alone disputed Shammar ascendancy. But their successful robberies did little to strengthen the tribe, whose official shaykh the Turks changed annually; and an outbreak of fighting with the

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

563 battalion, and to the men's return to the sluggish pauperization of Ba'quba.

871 The Education branch, founded and first inspired by Major H. E. Bowman, was faced with the problem of providing schooling for the youth of 'Iraq in the absence of funds, buildings, books, equipment or teachers in a tithe of sufficient quantities. At a pace always disappointing, but the fastest financially or functionally practicable, primary schools aiming at fair standards were opened to a total of seventy-five by the end of 1919. Fifty-six of these taught in Arabic, eleven in Turkish, seven in Kurdish, one in Persian. The new-founded Teachers' Training College could supply but a part of their urgent needs, and the scale of secondary classes, confined to the three principal cities, was regrettably humble; nor was the country-wide penetration of 'politics' into the schools, thus early, less to be deplored. Means were found to reopen the Law School, and a commercial and a technical school. The many privately-conducted Mullās' schools, archaic in method, scope, and equipment, continued to produce a bare literacy in their thousands of pupils; but the temptation to multiply inferior Government schools was resisted, and the teaching of English almost wholly withheld in spite of a general clamour for it. Upon the desirability of girls' schools, Muslim opinion was at first divided; five, all primary, had been opened by the first weeks of 1920. The schools of the local Christian and Jewish minorities and those of the foreign missions were fostered by support and subsidy; some of these were of high standard. Some archaeological work was carried out by R. Campbell Thompson at Abu Shahrayn (Eridu) in the spring of 1918, and more under H. R. Hall at Ur and elsewhere in 1919.

204 Printing-presses were operating at Najf in 1918, at Sulaymaniya in 1919, and in Baṣra, Baghdad, and Mosul from the occupation of these places. Newspapers in English were published at Baghdad and Baṣra, in Arabic at those cities and Mosul, in Turkish at Kirkuk, in Kurdish at Sulaymaniya.

439 The great increase of goods entering 'Iraq in 1918–19 taxed the young Customs administration of C. R. Watkins and Major A. G. H. Sievwright to the utmost. It was due to cessation of imports into north Persia from Russia, to the increase of 'Iraq's own spending power, and to the general depletion of stocks by war [436] interruption. The Indian rupee, now the universal currency of 'Iraq, supplied an adequate medium; and the rising volume of [504] civilian traffic could be handled easily by the now fully developed Port of Baṣra, which as such came into existence under Colonel J. C. Ward in the autumn of 1919 and was soon afterwards transferred 000 to the Civil Administration. The Railways, when at their greatest

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

VI

TO INDEPENDENCE

1. TREATY DEADLOCK

THE six years which followed the beginning of parliamentary Government in 'Iraq and the Mosul settlement appeared to observers largely to fulfil the hopes which the record of the years 1921 to 1926 had allowed them to form, and to justify optimism for the future. Efforts, successful in 1932, were made to complete the emancipation of the Kingdom from mandatory bonds; it became a free and equal member of the League of Nations. Foreign control was progressively reduced, then formally extinguished. Non-'Iraqi staffs diminished in numbers and function, and the 'peculiar situation' of diarchic rule, as it was accused of being, came to an end. Judicial privileges for foreigners ceased, with Courts and procedures equal for all. 'Iraq's international repute, already raised by the publicity given to, and the outcome of, the Mosul controversy, was enhanced by the debates at Geneva which concerned the country, and by its admission to the League. With its important neighbours, Turkey and Persia, it achieved normal relations: with the Arab world it greatly increased its contacts. Its communications by land and air to foreign lands developed beyond all precedent. The problems presented by the minority communities within 'Iraq remained, it was true, essentially unsolved; but they changed in character and could offer, to an optimism which the future did not justify, grounds for the hope of peaceful solution. The same is true of the powerful Shi'i block of Euphrates tribesmen. It was clear during these years that tribal resentment at the obligations of orderly Government was not extinct, and that instigation to tribal insurgence—most dangerous of weapons—could become a political manœuvre; but these were less features of this period than of the succeeding years. Meanwhile, the means of dealing with tribal unrest were further developed in the form of roads, bridges, organized forces, and a closer administrative network. The Army grew and improved, though the puzzling question of compulsory service in it was unsolved. Serious attempts were made to deal with taxation questions, a national currency was planned, the Public Debt substantially liquidated. Land Settlement procedures on modern lines were by 1932 on the point of establishment, while a great expansion of pump irrigation transformed the riverain countryside. These progressive features did not prevent the heavy affliction of 'Iraqi

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

economy by the world crisis of 1929–31, nor halt the steady diminution of the important Persian transit trade; still less did they correct those unfavourable, indeed menacing, features of 'Iraq public life which were already apparent, and were henceforth to be prevalent: short-lived Cabinets of warring personalities, futile and ephemeral parties, manipulated elections, and unrepresentative Parliaments obedient to (because chosen by) the Government of the moment.

The 'Iraq Parliament in its first ordinary session had, indeed, all the appearance of a sober and reasonable body. It dealt with nearly seventy bills, and carried out its procedure with correctness. The second session, opened on 1 November 1926, was less fortunate. Political and personal faction grew more bitter. Naji al-Suwaydi's 'People's Party', founded in August 1924, was still active, though it ceased to exist in 1927; that of National Independence, the creation of a Mosul notable, 'Abdullah al-'Umari, had already died in 1925. 'Abd al-Muḥsin Bey's Progressives, founded in 1925, were dominant in moderate circles until his death, and the Popular Party (Ḥizb al-Sha'b) of Yasin Pasha flourished from late in 1925 until 1928. The Nationalist Party of Ja'far Abu al-Timman, suppressed almost at birth in 1922, revived in 1926 and continued vigorous until 1933. These, to which the Party of Awakening—Ḥizb al-Nahḍha—was shortly to be added in its revived form, did nothing to tranquillize the political scene.

The second Sa'dun Ministry fell on the first day of the new Parliament, when its candidate for the Presidency of the Chamber was defeated. Ja'far Pasha al-'Askari, then 'Iraqi Minister in London and a Progressive, was summoned home and three weeks later, on 21 November, formed a Coalition Ministry which included Yasin Pasha at Finance, Rashid 'Ali Gaylani at Interior, Ra'uf al-Chadirchi in Justice, General Nuri Sa'id in Defence, the Baṣra aristocrat Amin 'Ali Basha'yan at Awqaf, Muḥammad Amin Zaki in Communications and Works, and two Shi'is, Sayid 'Abd al-Mahdi and 'Abd al-Ḥusayn al-Chalabi, at Education and the new Ministry of Irrigation and Agriculture created in August 1927. This second and last ministry of Ja'far Pasha covered the year 1927. It was marked by useful legislative work, but constantly endangered by the ill discipline of the parties both in their internal factions and as between their heads and the Cabinet to which, with too little loyalty, they belonged.

The year had three features of especial political interest. The first of these was a revival, not unannounced by previous indications, of the Shi'i element as a political force. With the removal of Turkish discouragements to Shi'i emergence, and of their obscurantist leadership by the 'Ulamā whose highest effectiveness had

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

652 Acting Adviser, and thereafter by E. G. Hogg, from the Sudan, in 1931. Hedgcock and the present writer left the Ministry in 1930 and 1931. Provision for Capital Works under a five-year plan was separated from the current budget, and a main part of the oil revenues, which first accrued in 1932, was allotted to this object. An Economic Advisory Board was set up. Chambers of Commerce were founded in Baghdad and Basra. A second advisory visit by Hilton Young, the 'Iraqis' financial consultant of 1925, was paid in 1930, and other foreign experts—notably A. Sainsbury, expert in income tax—assisted in the institution of new taxation and the [651] fixing of civil service establishments. Income tax in modern form was first imposed in 1928, but proved relatively unproductive; in effect it was paid mainly by officials and foreign companies. A major change in the taxation of agricultural produce was made in 1931, based on a new system of tax collection at markets—the 'place of consumption' method—without the need to assess or measure the growing crops. A financial Inspectorate was introduced. Efforts both resolute and skilful were made in 1927 to free 'Iraq from the burden of its share of the Ottoman Debt, of which £ (Turkish) 7 million had fallen to its share, with a further £T2,500,000 of accumulated interest. The Minister of Finance arranged to buy Ottoman Debt securities in the open market and, after handing these to the Debt authority to an extent of £1,228,000 sterling, could arrange to pay off the small remainder by instalments. Thus, at the cost of finding funds from current revenue for debt extinction, the State could enter the League happily unencumbered.

652 The proposed foundation of a National Bank, often discussed,
436 was still postponed. The Indian rupee currency, which had served 'Iraq well for fifteen years, was superseded early in 1932 by an 'Iraqi currency employing the dinar (equivalent to a pound sterling), divided into a thousand fils. Currency resources and the note issue were supervised by a Board in London, and rested on a basis of sterling assets. The confident reception of the new currency was the more gratifying as 'Iraq suffered not only temporarily from a number of 'slump' bankruptcies, but chronically from an adverse
457 trade balance. A wide visible gap existed between the value of its
439 exports and that of its unavoidable imports of fuel, manufactured articles, and some foods. The invisible exports which were assumed to fill the gap were the expenditure by the British forces, diplomatic and archaeological missions, charities and foreign schools, pilgrims, tourists and foreign companies, and the profits of the Persian transit trade. The progressive slackening of the last mentioned, in spite of lowered transit dues, was a serious feature of the times. Persian restrictions, Russian competition, the diversion of

1: Longrigg G-4, 5 (c2. 1915-1940) MH1 Iraq MH1

goods from the trans-'Iraq route to Muḥammara and the new Persian port of Bandar Shahpur all contributed to lessen the long-profitable transit trade, whose sentence of extinction could not, it seemed, be long delayed unless the Mediterranean route across Syria could be developed; and of this there were hopeful signs.

Banking continued in the hands of local *ṣarrafs* and the three British Banks: the Ottoman, Eastern, and Imperial Bank of Persia. The adoption of the decimal system was officially proclaimed in 1931, though twenty years later the *ḥuqqa*, the *taghar*, the *mann*, and the *dhira'* were still widely in use. Wholesale and retail trade followed familiar channels, with British firms predominating in the foreign element; 30 per cent. of the country's imports were of United Kingdom origin, though neither in this nor in any commercial operation did the Mandatary claim advantage over competitors. Imported goods found favour less by quality than by cheapness; this allowed Japanese competition for the first time to intrude, especially in cheap silk and cotton textiles. Woollen goods and steel came from Belgium, sugar from Holland, vehicles from America, wood from Scandinavia and Rumania, rice and tea from India, and most of the rest, notably cotton textiles, pumps and machinery, from Great Britain. The exports, as ever, were of dates, grain, hides and skins, wool, intestines, liquorice, and live animals. These at lowered prices held their own satisfactorily during the period of depression. Monetary conditions in Europe led, after 1930, to export of gold from 'Iraq, giving a temporary stimulus to its economy.

Until the hard times of 1929 to 1932, which they survived creditably, municipal development and the public services were expanding. A Municipal Law of 1929 superseded the Turkish regulations, municipal revenues were overhauled, and the hundred townships of every size and degree pursued their work of street improvement, bridge building, and provision of gardens, electric power plants, and sometimes officials' houses. In the major towns a period of rapid suburban development began, absorbing capital used hitherto in the transit trade. A 'New Baghdad' was planned on the right bank of the Tigris. The concession given in 1912 for electric power was amended and confirmed, after years of negotiation, in favour of the Baghdad Power and Light Company, and a new power-house came into operation; the tramway project was abandoned. Tolerable hotels appeared in the three cities and in Kirkuk, supplemented by Railway rest-houses at smaller towns. The technique of brick-making, the methods in the building industry, the types of modern dwelling-house, domestic equipment, the scale and resources of the shops: all these advanced incomparably beyond Ottoman standards. European dress was

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

only by the receipt of Persian orders to their Consul to desist. The traditional and resented Shaṭṭ al-'Arab boundary remained a source of Persian rancour. British diplomatic intervention was effective in 1928 in preventing the imposition of maximum Persian import duties on goods from 'Iraq, a measure which threatened ruin to the transit trade; but the presence and grievances of many thousands of Persian subjects in 'Iraq—and of those also who, to escape 'Iraqi obligations, claimed that status when convenient—could not fail to supply endless material for dispute and protest.

The humiliating refusal of Persian recognition of the 'Iraq State was due in fact less to petty disputes and neighbourly jealousies than to the anomalous position of this large expatriate colony. It had long claimed the privileged status accorded in 'Iraq to the subjects of some Powers of Europe. But Persia had never been a Capitulatory Power in the Ottoman Empire, and was unlikely to grant 'Iraqis in Persia corresponding treatment: and the demand for special rights denied to 'Iraqis themselves was unwelcome to the 'Iraq Government, the more so by reason of the numbers involved. Persia would withhold recognition until its claim be granted: 'Iraq refused to consider such claim until after recognition. Deadlock was complete, and all governmental negotiation between the two States remained perforce in British hands. The revision in 1929–30 of the Anglo-'Iraq Judicial Agreement of 1924 offered, however, an opportunity for removing the root of the trouble. The Persian delegate at Geneva applauded the principle of the new Agreement, which was one of equality for all, and the British Minister in Teheran could assure the Shah's Government that in this and all matters—notably the Shaṭṭ boundary—British good offices were available to remove causes of dissension. The effect was instantaneous. In May 1929 full recognition of the 'Iraq Kingdom was accorded by the Persian Government, whose Minister appeared in Baghdad. A 'Provisonal Agreement', covering most-favoured-nation treatment, consular and diplomatic representation, and trade and transit was signed in August, and 'Iraqi Consuls were posted to the Persian cities. Thenceforward the treatment of common interests and problems proceeded with fair success by direct 'Iraqi-Persian approaches. The 'Provisional Agreement' was annually renewed while drafting of the permanent Treaty proceeded slowly. The troublesome Pishdar movements were kept under control. Kurdish Aghās seeking refuge across frontiers in this or that territory were removed to safety from border districts. The Wali of Pusht-i-Kuh and his sons, dispossessed anachronisms now exiled in 'Iraq, were brought to Baghdad in 1929 when a foolish revolutionary attempt on Persian soil drew attention to them. Joint military operations by forces of the two

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

accused the Government of a policy of unjust reprisals and, for himself and his troops, repudiated all Baghdad authority. The Army units in Baghdad were largely favourable to Bakr's faction; 'Umari had, by messages, secured the support of the Diwaniya, Kirkuk, and Sulaymaniya garrisons; civil war seemed inevitable. But Colonel Sa'id Takriti, commanding the troops stationed at Wishash outside Baghdad West, by siding with 'Umari and the evident majority of the forces, ensured the ascendancy of the element hostile to Bakr. The proclamation which he issued asserted loyalty to the King (who himself favoured the same side), support to Amin al-'Umari and the policy of no reprisals, removal of Bakr's nominees from command, and—vain words!—Army abstention thenceforward from politics. The Prime Minister, who had designated 'Abd al-Latif Nuri to succeed as Chief of Staff and Madfa'i, hastening home from Syria, as Minister of Defence, realized the preponderance of feeling hostile to his régime and could turn nowhere for support. He resigned office on 17 August. The Royal Irada appointing Jamil al-Madfa'i as Prime Minister was issued on the same day.

5. LAND, AIR, AND WATER

The foreign trade of the territory, limited in scale as it was, showed in these years a healthy and indeed encouraging picture. The abiding adverse trade balance was still redressed by other elements. The volume of exports increased notably from 1935 to 1937, and steps were taken by the improvement of date-packing, grain-cleaning, and wool-dipping to remove some of the features which damaged the reputation of 'Iraqi produce; but the fluctuation of both quantities and prices of the country's staple exports from year to year was still pronounced. The export of crude oil began late in 1934. That of gold bullion, thanks to high gold prices abroad, continued and largely depleted 'Iraq's stocks. The small exportable cotton crop went regularly, after 1936, *en bloc* to Japan. Imports, generally constant or increasing in volume, were subject to the revised Customs tariff drawn up in 1933 by League of Nations experts on lines favourable to local industry. Great Britain easily maintained its lead as supplier, with the United States almost monopolizing the import of motor vehicles. Germany, with its alert credit-giving marketers and the ubiquitous German-Jewish Haavareh Agency, perceptibly increased its share in chemicals and machinery. Japan by conspicuous efforts raised its proportion of the import market, between 1930 and 1936, from 2 to 20 per cent. This was made up of cotton, woollen, and artificial silk piece-goods and some hardware, and its extent led the 'Iraq Government to insist on Japan's acceptance of 'Iraqi produce

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

equivalent to first 15, later 25, and finally 35 per cent. of the Japanese imports. Russian competition, begun with formidable impetus in 1933, did not persist.

The transit trade with Persia, which by all indications had been under sentence of disappearance, survived though with a gradual loss of volume. It was aided by central and northern Persia's import of oil products, and by a small intake from the Levant across 'Iraq. Persian attempts to divert traffic from 'Iraqi routes, however, continued, and Muhammara (now Khoramshahr) began to replace Baghdad as the financial centre of the trade.

The banking and financial background of internal business varied little, though an intention of closer Government control was shown by the law restricting certain occupations to 'Iraqis, by insistence on security deposits from foreign insurance companies, by the expressed willingness of Government to participate directly in industry and, early in 1938, by a law for the control of banking. The currency was well maintained on its sterling parity, the Board in London contributing an annual profit to the 'Iraq Treasury. The handling, transport, and distribution of merchandise was in some degree modernized; shops and hotels of European pattern multiplied, not in Baghdad alone, with Jews and Christians still prominent in these activities. Features of the period, which helped to bridge the 'Iraq of the 'twenties to that of the mid-century, were the beginnings of new suburbs, the modern villas, the many private cars, and the rudimentary bus services of the principal cities. They served a public in which the townsmen had in hundreds renounced Arab dress for European, had often doffed the characteristic 'Iraqi *sidara* in favour of a hat or bare head, and could walk out with ladies among whom the veil was no longer universal.

Local industry advanced but slowly. To the enterprises mentioned on earlier pages (p. 210) the years from 1932 to 1937 had little to add. One or two of the small textile factories were enlarged with German machinery and Czech operators; more small cigarette factories and more mechanized brick kilns were established, one-room ice and soda factories multiplied, a third cotton ginnery was planned for the Kut area, and enterprises for the making of confectionery and matches came into humble existence. Yasin Pasha's cement project, in spite of a visit by German experts, failed to materialize, and another cement scheme, in which an English promoter was active, inspired no confidence.

In oil development, on the other hand, these years were highly significant. The 'Iraq Petroleum and the B.O.D. Companies (p. 211) made annual dead-rent payments to a combined total of more than half a million pounds yearly until 1935, and thereafter the I.P.C. royalties alone doubled this amount. After a ceremonial

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

of further contributions to them. The Assyrians still in 'Iraq, to whom conscription was now applied without disturbance, were established in villages neither overcrowded nor unprosperous, and were reluctant to move. The 'Iraq Government officially assured the League that their status as 'Iraqi citizens was secure; but the return to 'Iraq of the Mar Sham'un, who had taken British nationality and now lived in Cyprus, could not be considered.

The forward movement of foreign trade and prosperity which had marked the period 1935–7 was notably checked in 1938. Produce prices fell, Government's capital-works allotments were overspent, and the later days of the Madfa'i Ministry were financially unhappy. Nevertheless, a monopoly for (packed) date exports was awarded by the Baṣra Date Board to a British firm, Messrs. Andrew Weir, and arrangements for the tobacco monopoly approached finality. The Agricultural and Industrial Bank was prolific of projects, a Cement Company invited funds from the public, and Government remained ambitious to erect its own oil refinery. A concession for the oil of Baṣra wilaya—more strictly, of all 'Iraq territory south of the two existing oil-concession areas—was granted in 1938 to the Basra Petroleum Company, an *ad hoc* creation of the I.P.C. group, upon terms similar to those governing the B.O.D. concession of 1932. The Banco di Roma opened a branch in Baghdad early in 1938. A British adviser was recruited for the Ministry of Communications and Works, G. N. Loggin, of the Egyptian service, in succession to Wheatley who had retired—a serious loss—in 1937, and an expert with long Egyptian experience, J. D. Atkinson, was secured in 1939 for Irrigation, where he remained for seven years. Ward, remaining as Port Director till his death in 1942, gave up the Directorship of Railways early in 1939; he was succeeded for a year and for six months respectively by Loggin and by C. F. Nicoll, after which the post was held, for nine years from 1941, by H. C. Smith. E. G. Hogg retired from the Financial Adviserships in 1939, leaving the post vacant for two years thereafter.

In the field of foreign relations, agreements were concluded, on bedouin rights and on commerce respectively, with Sa'udi Arabia and with Egypt. Turkey was blamed for its pressure to obtain Alexandretta and its sanjaq, which were held to be Arab. Major demonstrations in Baghdad, to be repeated in 1939, condemned the French for the shortcomings of their policy in Syria. A commercial treaty was signed with the United States, though American Zionist sympathies were not unsuspected. The Vatican appointed another Apostolic Delegate to Mosul, this time a Dutchman. Diplomatic relations were opened with Belgium and Hungary. The King of Italy was recognized as Emperor of Ethiopia, and

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

Politics and war-attitude apart, conditions in the territory throughout 1940 were as secure and tolerable as could be hoped. A number of offenders sentenced by the courts martial of previous régimes were liberated, the State of Emergency at al-Rashid camp, in force since March 1939, was brought to an end. Ṣubiḥ Najib was pardoned and released. The Ministry, to whom in some circles the revered Gaylani name was an asset, declared war on immorality, shut places of evil entertainment or drunkenness, and ostentatiously improved Waqf buildings. The foundation stone of the Fayṣal Mosque was laid. Observance of the Ramaḍhan fast was enforced by the daytime closing of restaurants. The completion of the Baiji–Mosul section of the railway, with its long tunnel, permitted at last a direct Baghdad–Istanbul service, though rolling stock available for use was of the scantiest. Work at the Ḥabbaniya reservoir was pressed forward. Oil production was normal again since the month-long interruption in September 1939, and both pipelines remained in use until the stoppage of pumping, on the Tripoli branch into Vichy–French territory, in July 1940. The sowings of cotton were much increased, and 25,000 bales produced. The Government tobacco monopoly was brought into effect, to the chagrin of many Kurdish growers whose freedom of disposal it curtailed. Agriculture was everywhere encouraged with a view to full national self-sufficiency, though the disastrous spring floods were a reminder of its precariousness.

Commercial and industrial life strove to maintain normality, or even progress. An ambitious Co-operative Society to produce fruit preserves was founded. The Agricultural and Industrial Bank was busy with loans to cultivators, and with the sale and servicing of agricultural machinery; it advanced money also to a new ginnery at 'Aziziya, took shares in the 'Iraq Cement Company, and helped a vegetable-oil extraction plant. Work proceeded on the Baghdad automatic telephone installation. The budget for 1940–1, which allotted a third of all revenues to the Army, found room for the cost of completing the irrigation work on the Abu Ghurayb, and for the Ḥawija project, the Diyalā weir, the Shamiya river improvement, and the 'bunds' around Baghdad. The credit allowed by the banks and *ṣarrafs* was extended or restricted according to the war news, market prices rose and fell, Government's control in the economic field was discreet and indeed largely inoperative. Shortage of shipping and transport vehicles were a serious hindrance to the export trade, whether conveyed by sea or by the land routes. A Turkish mission visited Baṣra with the hope of securing a southern gateway of entry for their country. The loss of French purchases of 'Iraqi wool was severely felt; trade with Japan on the contrary seemed likely to develop fast.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

4. WAR-TIME ECONOMICS

722 511 More even than in political, administrative, or military activities, the dominant and largely unsolved problems of war-time 'Iraq lay in its economic life. This was abnormally disturbed; it was marked by phenomena common in the war history of many countries, those of high prices, shortage of needed supplies, and great increase of apparent wealth; and it profoundly affected the daily lives of the public.

565 511 The chief social effect of these conditions was the heightened contrast between the classes who made money from trade, contracts, sales of produce, and the many opportunities of the times, and those who did not. At one extreme were the merchants—many acting as such for the first time—middlemen with a gift for manipulating licences, Army contractors, and landowners with crops to sell. In the middle, and not unprosperous, were the self-sufficient cultivators receiving high prices and enabled in many cases to free themselves from the debts of a lifetime, shopkeepers and transport operators serving a swollen and moneyed military and civil public, artisans with their services everywhere in demand, and labourers sure of military employment so long as the British forces needed 60,000 of them. The poor were those tied, like Government officials, to fixed money incomes augmented at best by war-time allowances which ever lagged behind prices, and the writers and journalists and half-employed prowlers on the fringe of the professions and of politics. The effect of wealth on the first of these classes was to remove them, with higher material standards and demands, farther from the bulk of their countrymen; and that of hard times on the impoverished classes was sadly to lower the standards among the body of Government officials, and to drive a large part of the embittered and hungry middle class farther—and sometimes very far—to the Left. The structure of [182] society was loosened, solidarity and mutual respect decreased. Politically the discontents and frustrations of daily life were reflected, in bitterness or clashing aims, in the circles of the Cabinet and the deputies, and multiplied the embarrassments of successive Ministries. As in many another country, neither statesmen nor functionaries could produce the firm wisdom or the administrative technique to meet the conflicting stresses of a complicated and imperfectly diagnosed situation, which lasted for five years.

433 439 'Iraq's main contribution to the world's wealth, its grain and dates, continued to be produced with the annual variations due to rainfall, floods, pests, and canal performance. The crops were in part consumed by the growers, in part acquired by Government for resale, in part bought with Government authorization by the

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

British forces for their own needs, in part acquired by the United Kingdom Commercial Corporation for export to Great Britain or other territories, and in part exported by normal trade channels now regulated by export control. The date crop was still handled for export by Messrs. Andrew Weir & Co. The cotton which Japan ceased to take after 1941 was sent to India, but in quantities which high grain prices had much reduced; production touched 26,000 bales in 1940, but thereafter dropped for the next nine years to a fifth or even a tenth of that amount. Wool was sent to America, but with this and all other commodities both internal movement by land and water and the provision of shipping space from Baṣra presented difficult problems. A quantity of produce went by rail to the Levant and Turkey, and animals on the hoof, in years of good grazing, were sent to the British forces in Syria. The prices of all commodities were fixed in terms of imperious war necessity and of ever-growing 'Iraqi inflation, to which these prices contributed.

The import of manufactured articles and certain foodstuffs was limited to quantities below the level of satisfaction, thanks to reduced outputs in the supplying countries and to pressure on shipping space. Help was forthcoming more than once from American lend-lease stocks of drugs, metal goods, tyres, chemicals, and agricultural implements; Paiforce at times could help to meet an urgent shortage, and the British Government organized an emergency grain supply in 1942 from India and Canada; but, as in every country, abiding and irksome shortages remained, aggravated by maldistribution and by a habit of hoarding against which the law and public opinion strove equally in vain. The need at all costs to obtain supplies led to the urgent search for sources to replace Japan and other belligerents. An import licence system was established which, vastly profitable to some, worked with its share of imperfections and abuses; a price-fixing procedure was applied over a wide range of articles, with an attempted control of stocks enforced by occasional raids and prosecutions, but avoided by widespread black-market trading; and a rationing system, first applied to sugar in 1942, was extended next year to coffee and tea and later to cotton and woollen textiles. This control by ration-cards, based on imperfect tribal and urban lists, was a matter of extreme difficulty and gladly abandoned at the earliest moment; nor were the resulting stocks ever sufficient to admit an adequate allowance to the tribal public. Nevertheless, the rationing of essentials was both indispensable and attended with fair success. Late in 1944, in expectation of the war's end and by reaction from the attempted régime of universal close control in 1943–4, a policy of decontrol was substituted, and one commodity after another

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

The Lynch fleet had been diminished in 1938 by the loss of the *Mejidieh*, sold to Anglo-Iranian, and in 1941 by that of the *Malamir* and the *al-Kadri*, burnt out and scrapped respectively. Their rivals, notably Ḥannā al-Shaykh and 'Abd al-Karim Khudhayri (Khedery), were more than holding their own: but the competition of the railway and the roads must grow rather than diminish. To the road system, indeed, Paiforce contributed much, notably in the completed trans-desert highway to Jordan, in the re-surfacing of many road stretches, and in the maintenance in being of 'Iraqi transport fleets by the provision of tyres. Nevertheless, the upkeep of civil motor vehicles in war-time proved most difficult, and the numbers in use decreased. The air communications of the territory were not improved during the war; but before its end projects for a national air line were under formation. The European services crossing and visiting 'Iraq recommenced in 1945 after war-time curtailments, and the Egyptian Misr Airways restarted its Cairo–Baghdad service. A contract was given in 1945 to the Marconi Company for the erection of a new wireless transmitting station.

The course of foreign trade was notably deflected from its usual channels by the war. In 1939 the United Kingdom was its principal customer, followed by the United States, each of these countries taking approximately one-third of the total visible exports; but by 1944 the principal buyer was Palestine with Transjordan, followed by Persia. Visible exports, amounting to ID 4 million before the war, reached through enhanced prices ID 9 million before its end. The transit trade, reduced in 1939 to a value of some ID 3 million, reached ID 13 million five years later, thanks to the passage of goods to Russia. Imports rose from a value of ID 9 million before the war to ID 14 million in its last year; the United Kingdom's share in these fell from 33 to 11 per cent., that of Japan from 18 per cent. to nothing, while India's share rose from 8 to 30 per cent., Syria's from 2 to 16, the United States' from 8 to 12.

The desire for industrial expansion, always a cherished ambition, was stimulated by the war-time shortages and an increased local market; contrary factors were the shortage of raw materials, competition for skilled workers, and the impossibility of importing factory equipment. Of the seventy enterprises benefiting in 1944 from the law of 1929 most were on the humblest scale, with the importance only of pilot projects which could indicate to the middle class the possibility of a career outside Government service, the professions, or politics. Some war-time progress was made in brick manufacture; workshops produced hand-tools from scrap metal; the crushing of oil-seeds—cotton, sesame, and linseed—

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

652 647 1951 establishing its programme for the ensuing five years and allotting an expenditure of some ID 155 million[1] within that period; but it became apparent soon afterwards that revenues in excess of this would, under revised oil agreements (p. 376) be available. It was at this stage clear to all that the acquisition of this copious revenue, which in the absence of some suicidal folly or grave misfortune would accrue punctually and reliably for many years, must completely transform 'Iraq's economy and rate of evolution. Its history indeed from 1951 onwards should be that of a territory extraordinarily favoured in all that appertains to, or can flow from, the resources at the disposal of its Government. Its curse had for centuries been poverty; thanks to its discovered and exploited oil deposits, it stood now at the threshold of an era of abundant wealth; and this must, besides its blessings, bring accompanying responsibilities, stresses and dangers, both moral and economic.

439 [457] The territory's immediate trade balance, which future opulence would doubtless affect, still showed in 1951 its habitual deficit. This was compensated partly by drawing upon the war-time sterling balances, and partly by invisible items as of old. The country's imports were, as ever, principally those of cotton, woollen, and silk textiles: iron, steel, and machinery: electrical goods: vehicles: tea, coffee, and sugar: chemicals, cement, and timber. Nearly half of these were provided by Great Britain, with India, the United States, and Belgium as other main suppliers and to a lesser extent Italy, Holland, and France; Germany and Japan had disappeared from the list of providers. Exports, which the country's evolution had left little changed over many years, were still those almost exclusively of its agricultural and natural products. Exported barley amounted to a yearly average of some 250,000 tons, wheat was shipped occasionally but irregularly—and not at all between 1940 and 1949; maize, millet, and oil-seeds (cotton, sesame, and linseed) were usually available in small quantities. The co-ordinating authority for all grain exports was the para-statal Grain Board and, working with it, an Agricultural Export and Import Company. Dates, to the important yearly extent of some 250,000 tons, were dispatched to more than forty countries. Cotton had disappeared after 1941, but crept back into the export list in 1947. Other items in the slight volume of exports were animals driven to the Levant countries, wool sent to France and America, and hides and skins, gums and gall-nuts consigned to various countries. Hopes that tobacco might be added to this list depended upon improvement in the structure and products of the local tobacco industry. New

[1] The provision for 1951 was to be (in thousands of dinars) 9,364: of 1952, 20,460: of 1953, 28,390: of 1954, 31,600: of 1955, 32,335: of 1956, 33,225.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

channels of international trade were under frequent exploration at 439
'Iraqi or foreign initiative; during 1945–50 approaches were made by Italian, Yugoslav, Czech, Spanish, Pakistani, and Japanese governmental or commercial bodies. The Persian transit trade by way of Khaniqin persisted, but on no scale comparable with that of a generation earlier and with small hope of increase; and both Persia and Turkey used routes through 'Iraq for the export of small quantities of their goods. The general aspect of 'Iraq's foreign trade was thus, at the end of 1950, on a scale which must seem paradoxically humble in quantity and value for the country's size and potentialities. It reflected the continuing precariousness and backwardness of its agriculture, the slightness of its industry, and the lack of marketable natural resources other than oil. But the new age of accelerated development which could be expected to date from 1951 would not, it was certain, fail to affect and increase both its production and its absorptive power.

Foreign and 'Iraqi Banks, and the *ṣarrafs*, whose numbers the 453
exodus of Jews had diminished, offered the normal services to trade in the provision of credit and discounting of bills. Insurance facilities were given by branches or agents of many British companies, and an all-'Iraqi Insurance Company was in 1950 a project designed on patriotic lines to 'diminish economic dependence' on the world abroad. The currency issued and managed by the 436
National Bank since July 1949 remained that of the 'Iraqi dinar based on sterling, to which bloc the country belonged—but not without a movement or outcry, favoured by some economists and patriots, to secede from it.

Agriculture must remain ever the country's chief resource, and 241
was still the life's occupation of more than two-thirds of its people. [162]
Previous pages have referred to the essential problems of 'Iraqi 185
farming and shown that, for all the efforts of a small department to solve them, little had so far been done to modify the country-wide ancient practices, ignorances, deficiencies, and dangers. But there were, by the mid-century, many hopeful signs. The problems were understood; the social as well as the economic importance of a prosperous countryside, and its connexion with security and with politics, were appreciated. Modern agriculture had attracted the interest and efforts of a part of the educated and capital-owning public; there were even those who preferred it to politics! Tribal shaykhs as well as town-dwelling landowners were found, here and there, to be mechanizing their holdings, abandoning ancient methods and, partnered with scientists, eagerly experimenting. New crop varieties were under trial, the power and range of pumping installations had multiplied, mechanization was diminishing dependence on the indifferent labour of crop-sharing peasants.

2: Dowson G-5 (1929-30) 1932 MH Iraq MH

312 movement in Table VI clearly, if not as completely and as accurately as I hoped to do. Although the figures given are incomplete and inexact in places they can be relied upon in the aggregate to furnish a trustworthy general picture of events. It will be seen that whereas in 1921 there were probably something like 140 pumps averaging about 11 horse power installed almost exclusively in the Baghdad and Amara Liwas, in 1929 there were over 2,000 pumps averaging from 25-30 horse power extending along all the principal waterways of the country. On the estimated basis of 50 *misharas* * per horse power the area irrigable by the former was about 200, by the latter about 7,400 square kilometres. According to Table I the total area of the riverain tracts affected is over 10,000 square kilometres; but only a fraction of this can be annually cultivated. The data are crude and the results must be regarded merely as rough approximations: but they indicate the wonderful extension of private pump irrigation that has taken place during the last ten years. It is [439] also interesting to note that the importation of pumps for irrigation purposes during the ten years 1920 to 1929 were 28, 110, 42, 18, 157, 157, 288, 288, 468 and 570 respectively, or a total of 2,066.

It is my duty in this report to consider this development primarily from the point of view of land tenure and in that connection to make some criticisms about the methods of land acquisition adopted that appear obvious enough now. Seriously as I think these errrors have jeopardised the success of many of the pump undertakings, this should not be allowed to obscure the beneficial character of the general effort made, the valuable safeguard against famine that it provided, and the [166] powerful incentive to settle on the land that it created. And if the movement had not unfortunately coincided with the severest economic depression that the civilised world has encountered, the effects of the initial mistakes made would have been less prompt and less serious.

241 6. The general failure of a development from which so much was
464 hoped, is ascribed jointly and severally to a number of causes. Among
465 these may be mentioned (*a*) the absence of a suitable paying summer
439 crop, (*b*) the shortage and indisciplined character of available labour, (*c*) the prevalence of the share system of payment for labour and the consequent dislike felt by agricultural workers for crops that cannot be shared on the field in kind, (*d*) the lack of competent and dependable local agents and mechanics, (*e*) the poor and dirty quality of much of the produce and the consequently poor reputation of Iraqi agricultural commodities in the world's markets, (*f*) the defects of internal and the costs of external transport, (*g*) the general economic depression of the world and the glut of the world's markets with grain.

185 The question is such an important one, not only from the point of view of those who have sunk money and effort in these enterprises but also owing to its effect upon the prosperity and well-being of the whole country, that the Government for a long time have sought remedies in special legislative proposals designed to remove some of the difficulties mentioned. Among the objects more particularly aimed at may be instanced: the enforcement of the cultivation of a certain proportion of money crops (e.g. cotton), the binding of labour more closely to the soil, and the better regulation and more effective use of such labour. The power of legislation to bring about these and other improvements in the economic conditions of this extensive agricultural development, appears to me to be over-rated and the dangers of restrictive legislation operating adversely to be insufficiently realised.

312 Most of the causes enumerated earlier have probably exerted a

* A mishara is reckoned = 2,000 sq. metres.

2: Dowson G-5 (1929-30) 1932 MH1 Iraq MH1

PART IX.—GENERAL REVIEW OF PROBLEM

1. Old Conditions and New

000 In conclusion it may be useful to review the problem in the wider setting of the general agricultural development which it is the main purpose to stimulate and serve. The land traversed by the historic rivers of el 'Iraq was one of the cradles of civilisation. It has been the seat of a succession of famous kingdoms. It was one of the birthplaces of artificial irrigation. If not the earliest, it was the best known, source of mineral fuel. And from time immemorial it has been recognised as one of the most fertile areas in the world. The country thus played a part second to none in earlier days and still possesses exceptional natural resources. Unfortunately these initial advantages have been nullified by centuries of unprogressive administration and by the unprecedented progress in human organisation and scientific advance made in the meanwhile elsewhere.

439 In ancient days bursting granaries represented prosperity and constituted wealth. The old world was small and its good grain lands scarce; while those of el 'Iraq were productive and accessible by the leisurely transport of the time. To-day the grain lands of civilised man circle the globe; while science and organisation have enabled him everywhere to enhance quality and yield many fold, as well as to obliterate distance. Moreover, with increasing individual well-being and vastly increased control of the earth's resources, mankind is eating a smaller proportion of bread and demanding a greater proportion of other commodities. And since he has the whole world competing to meet his requirements, everywhere he is selecting higher quality, cleaner, better graded, better packed produce and rejecting inferior supplies. There is a belief prevalent in el 'Iraq, as in other countries, that combines, rings and other marketing associations have power to affect the nation's trade critically. Temporary and restricted effects they may have: but the modern world is too closely knit together and the volume of its trade far too large and too complex to allow such manœuvres to prevent any reliable supply of satisfactory goods from finding its proper market before long. And since solid and efficient trading associations are partners in the nation's prosperity, it is to the interest of all such associations to promote the expansion of the country's trade and the reputation of its goods in the world's markets.

185 But el 'Iraq to-day must be recognised as being in the position of an old estate, previously rich, still very valuable potentially, but now derelict through long bad management, accentuated by changing needs and progress elsewhere. And its difficulties have been enhanced by its unfavourable transport connections with the outside world, as judged by modern requirements. Subject to the over-riding necessity of preserving public order and contentment and to the steady improvement of communications, the country's primary need is the reclamation of its derelict national estate and the regeneration of its agriculture. No intelligent and progressive person inheriting such an estate would fail to recognise the wisdom of spending on it the capital sums needed to bring it to a high pitch of prosperity again. Such expenditure planned on well-considered lines, carefully managed financially, and devoted

2: Dowson G-5 (1929-30) 1932 MHl Iraq MHl

312 The inadequacy of the existing irrigation system is generally recognised in so far as it relates to the great incompleteness of the network of engineering works needed, such as storage reservoirs, flood embankments, regulator constructions, delivery and drainage channels: but it appears at present to be insufficiently appreciated in the country that the proper utilisation and maintenance of these expensive works is even more important than their construction and probably calls for greater technical skill at the outset. It is a serious mistake to suppose that the management of a great engineering undertaking, such as a national irrigation system, is a simpler problem than its design and construction, or that such management can be economically and wisely left to inexpert hands or to officials primarily occupied with other duties.

242 The primitive methods of cultivation, stock-keeping and disposal of produce prevalently practised, as well as their marked effect on the quantity and quality of the country's output and on its reputation in the world's markets, have been repeatedly emphasised and need only be mentioned here.

439 To build up her prosperity el 'Iraq must evidently develop her export trade both quantitatively and qualitatively. It is therefore of

TABLE IX. MAIN AGRICULTURAL EXPORTS DURING FIVE YEARS 1925-6 TO 1929-30

Product	Quantity in thousands of tons	Value in lakhs of rupees
Living animals (horses, camels, cattle, sheep, goats, etc.)	635·6*	87·7
Raw cotton	3·2	32·7
Dates	624·3	902·1
Grain, etc. (barley, pulse, rice, wheat, etc.)	566·2	449·1
Hides (cow, sheep, goats, wild animal, etc.)	9·5	171·9
Intestines (casings)	0·6	70·1
Raw silk	0·005	0·7
Tobacco	0·8	9·2
Raw wool	32·4	368·2

*Thousands of animals.

great importance to follow the statistics of external trade continuously and to endeavour to adjust the country's agricultural output unceasingly to world demand. Unlike the various land statistics, which have proved so difficult to collect and so unreliable when collected, the Trade statistics kept by the Customs and Excise Department appear not only to be in excellent order but to be used. No attempt will be made to discuss these valuable figures here: but the nature, quantity and value of the principal exports of agricultural products during the five years 1925-6 to 1929-30 in the accompanying table should be noted.

242 It is in experimenting in the culture of new or improved products required by the world, in adapting them to local environment, in multiplying them for local growth, and in demonstrating their successful cultivation and disposal on a commercial scale, that scientific agricultural research stations, progressive landed estates and well-managed marketing bodies, have such an indispensable part to play in the general development of the country's agriculture.

185 The establishment of an efficient national irrigation system and the application of the lessons of progressive scientific research and experience elsewhere must be recognised as two of the fundamental conditions of

2: Dowson G-5 (1929-30) 1932 MHI Iraq MHI
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any solid economic advance in el 'Iraq. The third is the introduction and maintenance of a simple, secure and equitable land tenure, which term should be understood to include an even and readily met revenue demand. This report is only directly concerned with the last need: but in studying it, its inter-relation to the other two must be continuously kept in mind. No development of the country's agricultural resources can expect to be successful which does not take all these three needs into consideration together.

3. Comparison with Egypt

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3. During the progress of my inquiry comparisons were frequently instituted with Egypt, a country with many parallels to el 'Iraq both in its history and its natural conditions. Owing to the courtesy of the Egyptian Government I am able to compare in Table X the respective positions on certain salient points of el 'Iraq in 1929 and of Egypt in successive decades from 1882 onwards. It will be noted that during the last fifty years Egypt has more than doubled her population, added 30 per cent. to her cropped area, quadrupled her trade, and her budget, built up a substantial budgetary reserve, and largely absorbed her original external debt.

TABLE X. COMPARATIVE FIGURES, EL 'IRAQ AND EGYPT

		EL 'IRAQ	EGYPT					
		1929	1882	1890	1900	1910	1920	1929
Population in millions		2·8	6·8	8·2	10·1	11·8	13·2	14·4
Gross cultivable area, sq. km.		90,000	32,000					
Area cropped yearly, sq. km.		10,000	24,000*	27,000*	30,000*	32,000*	34,000*	36,000*
Imports	In lakhs of rupees	980	1,100	1,100	1,900	3,200	14,000	7,200
Exports		560	1,800	1,700	2,400	4,000	11,800	7,800
Re-exports		310†	14	40	80	60	350	190
Land Revenue		168	680‡	700‡	600‡	700‡	700‡	730‡
Customs Revenue		274	80	190	330	480	1,370	1,620
Total Budgetary Revenue		570	1,300	1,650	1,630	2,260	4,700	5,780
Total Budgetary Expenditure		560	1,220	1,560	1,500	2,340	4,000	5,690
Budgetary Reserve Fund				300	1,130	790	2,370	5,340
Debt §			10,900	13,100	13,000	13,100	12,900	12,400

*From ½ to ⅓ cropped twice. Net area cultivated in 1929 was 23,000 sq. km.
†Goods in transit, not included in imports.
‡Yield maintained constant on re-assessment following revenue settlement. Fluctuations due to remissions to unwatered land followed by extensions of irrigation.
§Mostly held in Egypt now.

Egypt is more favourably situated geographically than el 'Iraq; while Mahommed Ali Pasha did much to initiate early in the last century the reform of her land tenure which has proceeded since. And it will be seen that even fifty years ago Egypt was considerably more populous and wealthier than el 'Iraq is to-day. But el 'Iraq is by no means devoid of advantages also. She has Egypt's established success before her. Her cultivable area is larger and more diverse, so that she is in a better position to develop a varied export trade. She is free of unproductive debt and can devote all funds not absorbed by current needs, to productive purposes. And her petroliferous deposits provide her with special financial aid at the most useful moment. So that a comparable advance to that made by Egypt may be hoped for, if a comparable effort can be made.

The unavoidably lengthy duration of a general settlement of rights to land in el 'Iraq has been emphasised several times in this report: although no precise estimate of the period required is practicable in the

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Iraq Bedouin MHI

I 162 The population of Mosul and Arbil provinces exceeds 630,000, of which 530,000 are Muslims. Of these Muslims, all but 10,000 are Sunnis. There are 60,000 Christians, 32,000 Yezidis and 10,000 Jews. The minorities therefore total only one-fifth of the whole. The Muslims consist of Arabs and Kurds in approximately equal parts, together with some 16,000 Turkomans.

I [162] 438 439 496 Mosul itself is mainly an Arab town with a population of 100,000. It is a great entrepôt for trade in sheep, cattle, wool, grain, hides, intestines, galls and eggs with the thickly populated districts round and also with Syria and Turkey. Its importance in this respect will certainly increase when at long last it is linked by rail with the Syrian frontier at Tel Kuchik and with Baghdad via Baa'iji. Work on this linking is now proceeding, and it is interesting to remember that when it is completed in a couple of years it will form the last stage in the famous Baghdad-Berlin Railway which was the Kaiser's fondest dream. The circumstances under which it will be completed are likely, however, to be very different to those which he visualized.

Arabs

I 8 101 Apart from forming the majority of the inhabitants of Mosul itself, Arabs are found as cultivators on the Tigris both north and south of the town and to the south of the Jebal Sinjar (Sinjar mountain) and as bedouin who range the uncultivated areas to the south-west, west and north-west.

8 619 221 721 233 The bedouin consist of more than one tribe, but by far the most important is the Shammar. This great tribe is of Arabian origin and has in the past been pushed steadily northwards by economic forces and the search for new grazing grounds. With the great improvement in public security during recent years, cultivation has extended further and further from the towns and villages and encroached on the haunts of the Shammar. Formerly the means of livelihood of these bedouin were varied if not all respectable. They included the raiding of the flocks and herds of their weaker neighbours and the extortion of "khuwa" or safe-conduct money from merchants, travellers and others. At the same time they made a perfectly legitimate living from acting as shepherds for the flocks of townsmen and by breeding and selling camels. Nowadays raiding and safe-conduct money have been abolished and motor transport has to a great extent ousted the camel as a carrier in 'Iraq and the neighbouring countries and caused a severe slump in the camel market.

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Kurd MH1

Air Force. The terrain was exceedingly mountainous and thickly wooded and there were many caves in which to shelter from bombs or machine-gunning from the air. The Shaikh's followers, too, were very hardy and mobile. Without very efficient air action, which aimed at destroying the morale of the Kurds by perpetually harassing them rather than by slaying them, to gain a definite result would have been a very costly affair. As it was the Shaikh and his followers were eventually driven into Turkey and after surrendering to the Turkish authorities were handed over to the 'Iraq Government. It was found that the Shaikh, his brothers and the remnants of the standing army could not fit in with any regular administration, and so they have been settled in small bodies in southern Kurdistan near Sulimani, where they will not be in a position to cause further trouble. The Barzanis have now reverted to the Islamic faith.

Roads

What has really tamed the Kurds is the Government policy of making roads through the mountains, just as General Wade did in Scotland with similar results. Good roads now exist from Arbil, where Alexander the Great defeated King Darius III. in 331 B.C., to the Persian frontier at Rayat and from Dohuq to Amadia. Both these roads represent considerable engineering feats and carry a good volume of traffic. The Rowanduz road was that which a nomadic Kurdish tribe, the Herki, with their 60,000 animals, used on their annual migrations from 'Iraq to their summer grazing grounds in Iran. During recent years difficulties arose between the nomads and the 'Irani Government, and the former now remain in 'Iraq for the summer. It has not been easy to find grazing for them there, as other nomadic tribes had already been forbidden by the Turkish Government to graze in Turkey and had occupied practically all the spare grazing. The 'Iraq Government, too, has been attempting to popularize summer resorts in Kurdistan and so prevent the flow of money to Syria and the Lebanon, where good summer amenities exist. I am afraid, however, that so far this policy has not been very successful. Good summer resorts require the expenditure of much money, and the attempts at providing suitable summer accommodation have, I regret, tended to spoil what was originally beautiful scenery.

The little town of Zakho in western Kurdistan has greatly benefited by the improvement in public security and communications and is

4: Wilson G-3 (no date) 1937 MH1 Iraq MH1
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now a flourishing market for the surrounding country and for trade with Turkey. It has one feature of great interest: an ancient bridge of Roman design, known locally as "Alexander's bridge," though unlikely to be in any way connected with the great conqueror. Tradition at Zakho has, however, another tale of the construction of the bridge. It is said to have been built by a celebrated local governor, who found that the keystone would not remain in place. He summoned a soothsayer, who proclaimed that it would never stand until a life had been built into the arch. The governor accepted the verdict and with his councillors, who were sworn to secrecy, decided that the first living thing to follow them on to the bridge the next morning would provide the necessary victim. They waited for some hours, but no one came. Then the governor's little daughter wondered why her father was so long away and taking her pet dog she set off to look for him. Her father was at first terrified when he saw her coming, but was relieved when he noticed that her dog was running in front of her. Alas, she thought it unfitting for the dog to approach her father before she did and so she called it and stepped on to the bridge. Public opinion compelled the governor to carry out the sacrifice and the girl was built into the centre of the arch and the keystone held and has gone on holding for hundreds of years.

I K 653 185

The development of Kurdistan has naturally not been popular with all the Kurds, and I remember an interesting incident. During the construction of the Amadia road, an elderly Agha stood for a while sadly watching the blasting of a pulpit of overhanging rock. When echoes of the explosion had died and the last fragments of stone had fallen into the rocky gorge below, he turned sorrowfully away. "The old days, the old days," he lamented. "Many is the time I lay behind that rock with my rifle and held up caravans for safe-conduct money."

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The town of Amadia, which, like Edinburgh Castle, is situated on a rocky plateau at a height of 4,100 feet, sixteen feet higher than Cairn Gorm, is now easily accessible by road. The town was formerly ruled by semi-independent Pashas who admitted a nominal suzerainty to the Turkish authorities. It has a stormy history, and the minaret of the mosque is pitted with bullet holes. These are souvenirs of 1925, when the Barzan Kurds, in alliance with some of the descendants of the old rulers of Amadia, attacked the town and succeeded in surrounding the Mosuli qaimaqam and a handful of police in the Government serai. The stout-hearted garrison held out until they were rescued by a body of Assyrians under the Assyrian bishop, Mar Semis, a jovial Friar Tuck of the Nestorian Church.

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000 industrial shares or bonds, local capital will continue to be held
455 in hoards, or invested in trade, agriculture and real estate. Speculation in land values, especially urban sites, has come to play a great part in the economy of Iraq, and incidently absorbs a great
000 deal of capital. The problem lies then not in the deficiency of capital resources, but in the utilization of these resources and above all in the creation of a suitable environment to induce private enterprise and capital into the industrial field. In the writer's view the creation of such an environment is the core of the industrialisation problem in under-developed areas. As things are, private enterprise is primarily absorbed in trade, agriculture and speculation — especially in real estate — where easy money can be made, and the whole economy remains stagnant. Once this problem is tackled both local and foreign capital will flow in. The State, that is the highest authority in a society, is called upon to take the initiative. Its action must include financial, technical, educational and administrative measures.

654 In Iraq the State has made attempts to deal with all these as-
433 pects. In the fiscal field it has afforded protection for industry in
[439] the form of high tariff duties on most industrial products and in the exemption of power-driven machinery from such duties. It has prohibited or restricted the import of articles the like of which are being manufactured in Iraq, such as cement, cotton yarn, vegetable oil, soap, tanned leather, beer. Industrial schemes are given priority in the granting of import licences and the allocation of scarce currencies for purchases from abroad.

The new Law for the Encouragement of Industry passed in 1950 consolidated early legislation and made new concessions. Under this Law Iraq-owned industrial enterprises, that is enterprises in which 55 per cent of capital at least is held by Iraqi nationals, are granted exemptions from income and surtaxes for four years; exemptions from import duties (not included in the tariff exemptions) on machinery, materials, equipment, spare parts and containers; exemptions from property tax for 10 years; and use of Government land free of rent up to 25,000 square meters. Industries enjoy these concessions as long as they use raw materials available in Iraq or produce goods imported in cosiderable quantities. In any case they should use chiefly power-driven machinery in their works. These measures without doubt played a significant part in

438 [365] more attractive for industry than other areas can be corrected by proper action. First and foremost is the relative cheapness of power and fuel in Baghdad. The cost of the electric power unit in most cities is double that of Baghdad and rarely is a municipality-owned plant able to supply sufficient power to industry. The cost of oil fuel is at least ten percent higher outside Baghdad. The correction of these factors, together with a more equal distribution of educational, housing, transport and social welfare facilities, could greatly relieve the situation. The Law for the Encouragement of Industry could also be amended so as to give additional concessions for industries established in other parts of the country. The cost of labour and land is already becoming burdensome for industry in Baghdad. This, in addition to the social evil of overcrowdedness, calls for immediate consideration.

434 (4) Limitation of Markets: A newly industrialised country can hardly hope to find foreign markets for its finished products. It has to depend on its home market. The market in Iraq, with its small population (about 5 million inhabitants), of low purchasing power (annual income per head is estimated at between £ 20 and £ 30 or $85), affords very limited scope for large-scale industry. Many of the industries studied at one time by the Industrial Bank, such as the making of artificial silk fibres, the manufacture of paper and cardboard from straw, and the printing of cotton piece-goods, had to be abandoned because the smallest economic unit of these plants is much beyond the capacity of the Iraqi market to support. This situation will no doubt improve as the whole economy of the country expands. But it should be possible to deal with this situation more effectively by joint action on the part of the Arab States, along lines already discussed at high political level. These discussions have had the object of reducing or abolishing inter-state tariff barriers so as to make the whole area one market. Such an action is indeed vital to the progress and prosperity of these countries and their peoples. It should be remembered that before World War I, these countries formed one economic and political unit under the Ottoman Empire.

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464 (5) Labour, Technical Staff and Management Problems: The supply of ordinary labour, owing to the high rate of population increase (estimated to be one and a half per cent per annum) and emigration from country to town, is quite sufficient and will remain so

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CHAPTER II

THE GROWTH OF BRITISH INTERESTS IN THE PERSIAN GULF AND THE TIGRIS AND EUPHRATES VALLEYS

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It was trade which first brought the English to the Persian Gulf and into the Tigris and Euphrates valleys,[1] as it had first taken them to India, China and Japan. In 1616, the East India Company, hoping to find new markets for its woollen cloth, no longer a novelty in India, dispatched the *James* under the terms of the three *farmāns*[2] obtained by Richard Steele and John Crowther from Shah Abbas in September, 1615,[3] to Jask, just outside the Clarence Straits. A few years later, 1619, the monopoly of the silk trade through the Persian Gulf was granted to the Company[4] by Shah Abbas.

The Portuguese, for more than a century following a treaty with Shah Ismā'īl in 1515, had dominated trade from Hormuz, but after the capture of the island in 1622 by a combined force of Englishmen and Persians,[5] they speedily lost the ascendancy, not to the English, but to the Dutch. Not until 1766, when the Dutch factory on Kharag Island was destroyed by the Persians and the Dutch threats to sweep England from the seas had come to nothing, were the English merchants able to gain the mastery of trade in the Middle East, a supremacy which they have

[1] John Newbery, Ralph Fitch and John Elred of the Turkey and Levant Co., founded in 1581, had already passed from Aleppo to Baghdad and thence down the Persian Gulf to India. See: Purchas, *His Pilgrimes* (ed. 1625), lib. viii, p. 449. Hakluyt, Tome II, i, pp. 245-71; also Birdwood, Sir G., *Report on Miscellaneous Old Records at the India Office* (1890), p. 196.

[2] *Farmān*, following the Persian فرمان

[3] Purchas *His Pilgrimes*, lib. IV, cap. xiii, p. 524. For an account of the opening of trade with Persia by the Moscovy Co., see *Early Voyages in Russia and Persia* (Hakluyt Society), edited by Morgan, E. D., and Coote, C. H. (2 vols., 1886).

[4] *State Papers* (East Indies), No. 753.

[5] Low, C. R., *History of the Indian Navy* (1877), Vol. I, pp. 31-7. The terms of co-operation were never fully carried out by the Persians.

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retained to the present time, in spite of acute rivalry from other Powers, notably Germany and Japan in the twentieth century.[1]

From the first, the East India Company had been obliged to undertake more than purely commercial activities. The pioneering nature of their ventures and the distance from the home government made it essential that they, in common with other trading companies of that age, should maintain their own armies and navies, provide their own charts and conduct most of their own political negotiations, activities which, in the end, were to overshadow the commercial origins of the companies. From the beginning, ships of the Company, and later of its Bombay Marine, were stationed in the Gulf to protect trade and on political missions.

Piracy for a time threatened to be a more serious obstacle to English trade than the hostility of European rivals.[2] The freebooters, the most numerous and troublesome of whom were the Jawasim (properly قواسم) tribes along the Gulf coast from Ras Musandum to Qatar peninsula, whose predatory habits had been stimulated by Wahhābī influence with its emphasis on the Muslim injunction of plunder and death to unbelievers, attacked not only merchant shipping but also Company cruisers. Aroused by the continued attacks, the Company dispatched a series of expeditions from Bombay in 1806, 1809,[3] and 1819,[4] which effectually broke the power of the Pirate Coast tribes,[5] whose chiefs were forced to sign a General Treaty of Peace, January 8th, 1820.[6]

[1] British imports have declined, however, from 60 per cent of the total in the years immediately before 1914 to 32 per cent in 1934-5. Japanese imports rose from 1·83 per cent in 1930-1 to 20·04 per cent of the total in 1934-5: *Economic Conditions in 'Iraq*, 1933-35, Department of Overseas Trade, No. 627 (1936).

[2] Low, op. cit., pp. 79 ff. Also Miles, S. B., *Countries and Tribes of the Persian Gulf* (1919), Vol. I, pp. 223, 266 ff.

[3] Low, op. cit., Vol. I, p. 325. [4] Ibid., p. 351.

[5] The section of coast inhabited by the Arab pirates was then so-called. After the treaty it became known as the Trucial Coast.

[6] Aitchison, C. U., *Collection of Treaties, Engagements, and Sanads relating to India and Neighbouring Countries* (Delhi, 1933, 5th ed.), Vol. XI, Persian Gulf, No. XIX.

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GROWTH OF BRITISH INTERESTS

From the Treaty of 1820, arising primarily from the necessity of safety for commerce, dated the beginnings of the political supremacy of Great Britain over the Arabs of the Gulf. It was eventually replaced in 1853 by a Treaty of Peace in perpetuity which stipulated that 'perfect maritime truce' now established 'for evermore' should be enforced by the British Government. All acts of aggression were to be referred to the British authorities in the Persian Gulf.[1]

Traffic in slaves in the Gulf had been forbidden in Article 9 of the Treaty of 1820, but it had not been noticeably affected by the prohibition. Additional treaties and agreements attempted to deal with the traffic,[2] but only the presence of British men-of-war on patrol in the Gulf, with orders to seize all slaving ships, effectively suppressed it.

Experience gained from the early attempts to deal with the pirates, especially after the expeditions of 1809 and 1819, had shown the necessity for charts of the Persian Gulf. Preliminary surveys had been undertaken in 1772 of the coast, and in 1785 of the Shatt al-'Arab as far as Basra, but not until 1820 was the work resumed under Captain Philip Maughan and later under Captain Guy.[3] The surveys continued for nine years, forming the basis of the present charts of the Gulf. Other surveys, principally in Turkish Arabia, were made throughout the century until the outbreak of the war in 1914.[4]

[1] Aitchison, *Collection of Treaties, Engagements, and Sanads relating to India and Neighbouring Countries* (Delhi, 1933, 5th ed.), Vol. XI, Persian Gulf, No. XXIV.

[2] Ibid., Vol. XIII (Calcutta, 1933, 5th ed.). Persia, Nos. XV, XVI, XIX; ibid., Vol. XI, Persian Gulf Nos. IX, XX, XXIII, XXVIII, XXIX.

[3] Low, op. cit., Vol. I, pp. 185 ff.

[4] Chesney, in 1835-6, made surveys of the Tigris and Euphrates, a work carried on by Cmdr. Henry Blosse Lynch, from 1837 to 1840, when he surveyed the Tigris from Mōsul to Ctesiphon and sections of the Euphrates. Capt. J. C. Hawkins explored the Euphrates with great difficulty for some 500 miles above Basra in 1838. In 1840-2, the Tigris below Baghdad was surveyed by Lieutenant C. D. Campbell. Commander Felix Jones, 1843-54, explored the Persian hills from Baghdad to Mōsul, and made surveys from Musaiyib to Baghdad. In 1841-2, and again in 1856, Captain W. S. Selby made surveys from Babylon to Sāmawa and up the Kārūn river. See: Wilson, Sir A. T., *Persian Gulf* (1928), pp. 281 ff. Low, op. cit., Vol. II, pp. 31 ff., pp. 403 ff; also, Hoskins, H. L., *British Routes to India* (1928), pp. 180-2.

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manipulating the political situation in Europe, she could safeguard the routes to India. She had not yet fully realized that political control, direct or indirect, would have to be assumed over territories through which lay actual and potential highways to her indispensable Eastern possessions.

Protection of the Indians engaged in trade at Basra and Baghdad and of the Indian Muslims on pilgrimage to the four Holy Cities of Turkish Arabia, concern for the sanitary conditions at Basra and the Holy Cities, the distribution of the Oudh bequest, the administration of the India Postal System, established in 1868 at Basra and Baghdad, the irrigation schemes projected by Sir William Willcocks in 1911,[1] and executed by British companies, and, above all, the encouragement and protection of commerce and river navigation continued to be the methods by which British influence and position were maintained and extended. British prestige centred largely about the Residency at Baghdad with its guard of Indian troops,[2] and the armed sloop attached to it, yet so strong was it among the tribes that on a number of occasions British representatives were approached by Arabs who desired Great Britain to establish a protectorate over them.[3]

Great Britain's early interest in communications with India, however, had not been without some valuable results. The expeditions sent out from 1834 onwards and the presence of armed steamers on the Tigris[4] paved the way for the initiation of a

[1] Willcocks, Sir William, *The Irrigation of Mesopotamia* (1917, Revised Ed.).

[2] 'Our maintenance of troops as far north as Baghdad . . . could not have been actuated by hope of commercial gain. It must have been due to our strategic position in those regions.' Lord Lamington, former Governor of Bombay, 1903-7, *Pro. C. Asian Soc.*, January, 1908, p. 17.

[3] In 1899, 1902, 1912; *Official Reports on Events in Turkish 'Iraq*, September, 1911; October, 1911; February, 1912.

[4] In 1840 and 1841, four armed steamers of the East India Company, the *Assyria*, *Nitocris*, *Nimrod*, and *Euphrates*, designed to establish further British influence, made periodic trips from Basra to Baghdad with goods, mail and passengers. Surveys were also made on both the Tigris and Euphrates (*supra*, p. 33). All but the *Nitocris* were withdrawn in 1842. *Parl. Papers*, 1840 (323), Pt. II, 299-300.

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British mercantile line on the Tigris[1] and for a further expansion of British commerce which, advancing far beyond the days when Basra had first been a centre for part of the Gulf trade, contributed not a little to the predominant position and influence which Great Britain exercised in Turkish Arabia. In 1911 and 1912, imports through Basra and Baghdad averaged for each of the two years, £3,100,000, of which the great proportion were British and Indian goods destined for re-export to Persia by way of Kermanshah. Exports by sea for the same years averaged £3,247,500.[2]

The transportation of practically all of these commodities was in British or Anglo-Indian bottoms, while the handling of the largest proportion of the entire river transport had come into the hands of the firm of Lynch Brothers, who from 1860 had assumed the local management of the Euphrates and Tigris Steam Navigation Company. It had enjoyed a virtual monopoly until the advent of Midhat Pasha's river service. In spite of constant interference from the Turkish authorities,[3] the company carried on a comparatively efficient service, although at high rates. It also maintained, with a Government subsidy, a line of steamers on the Kārūn River, after it had been opened by the Shah of Persia in 1888.

So strategically placed were the river valleys, so firmly was external trade regarded as a British monopoly, so paramount was British influence that British statesmen had come to regard

[1] This mercantile service was maintained from 1836 on the Tigris, ostensibly under the *firmān* (following the Arabic فرمان) originally granted in 1834 to the British Government for the operation of two steamers for commercial purposes on the Euphrates in connection with the Euphrates Expedition of that year. (Herslet, *Commercial Treaties* (1820-1925), Vol. XIII, pp. 838-9). Just how this *firmān* could be applied to the Tigris is not easily understood. Neither the subsequent one of 1842 (ibid., p. 839) nor the Vizierial Letter of 1861 (ibid., p. 845) defined clearly the rights and privileges which the company exercised and claimed.

[2] *Report on the Conditions of Trade in Mesopotamia* (Baghdad, 1920), p. 13.

[3] Other than purely political reports, the difficulties of the company with Turkish officials occupied more dispatches from the Resident at Baghdad to the Foreign Office than any other subject.

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eases are still rampant and infant mortality is distressingly high.

In agriculture the wave of optimism of the early 1920's has ebbed away. The Agricultural School at Rustam has been curtailed in funds, in purpose and in function. Improved machinery and agricultural methods foreshadowed during the British Occupation have not been introduced generally and are still regarded with disfavour in many quarters. Cotton, once believed to be the crop in which 'Iraq would rival the Sudan and India has been rendered unprofitable by boll-weevil, by hot winds, by the reluctance of the *fallahīn* to cultivate a strange crop which does not provide a living for themselves as it grows, and by the drastic fall in world prices. Wheat and barley remain of low quality, the foreign market being practically lost. Improvement in packing and marketing dates, 'Iraq's principal crop, has been apparent but effective co-operation among the growers is still lacking. Cheering features, however, have been the negotiations whereby Japan may take 'Iraqī wool and the signature of an agreement between 'Iraq and Palestine, December 14th, 1936, granting 'Iraq a free zone at Haifa and numerous commercial concessions.[1] The favourable trade balance of £217,000 for 1934-35, recently announced by the Ministry of Finance, is also encouraging.[2]

Large-scale industries are, for the present, practically non-existent although a number of projects, such as cement making, have been under consideration for some time. The Department of Labour Affairs, necessitated by 'Iraq's entrance into the League of Nations has had few important matters to come into its hands, although a law protecting 'Iraqī labour against foreign competition has been recently passed.[3]

These brief summaries of tendencies apparent in the political, economic and social life of 'Iraq seem to indicate, on the basis of absolute standards, the development of 'Iraq along unsatisfactory lines. It is only fair, however, in judging a government

[1] *G.B. and E.*, March 11th, 1937. [2] *Al-'Iraq*, September 7th, 1936.
[3] *G.B. and E.*, December 26th, 1935.

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of a small cash reserve. The resulting loss in revenue can be offset by an increase in the tobacco excises which are relatively easy to collect from the manufacturers. The reduction in illicit production and marketing thus achieved should make it possible to raise the existing limitation on output per donum. This would encourage the better farmers, yet probably would not necessitate a further restriction of the licensed area, which the Mission realizes would be politically impracticable.

The Introduction of Sugar

In view of the government's desire to introduce the cultivation of sugar beets in northern Iraq, this subject has also been given special attention by the Mission. The possibility merits serious consideration because Iraq has imported over the last three years, on the average, 75,000 tons of sugar annually. There is, in addition, a serious need for new crops to diversify production and make more effective use of the manpower on the land. The Mission believes, however, that no decision on the production of sugar should be made until there is reasonable assurance that sugar can be produced at a cost competitive with the landed price of imported sugar (thus exclusive of import duty) and that the farmer will derive an income from sugar at least equal to that obtained from alternative crops, such as cotton, which can be grown on the same land. Moreover, before a decision is made in favor of sugar beets, the superiority of this crop over sugar cane, which could be grown in the South, must have been clearly established.

Sugar beets have been successfully grown in northern Iraq in test plantings carried out by the Department of Agriculture. Larger and more extensive test plantings are necessary, however, particularly to study the problems of insect control, yields and costs. The problems of labor supply and transport also need to be more thoroughly explored. The cultivation, transport and processing of sugar beets require close coordination and therefore careful organization. The production of beets is exacting, requiring considerable skill and labor. While preliminary evidence indicates that, on the basis of current price relationships, the yield per donum of sugar beets and cotton would not be significantly different, the balance of advantage may well prove to be on the side of cotton since, owing

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457 certain extent, this has been financed by a net drawing on Iraq's sterling balances, but the most important source of finance has been the oil companies. During the last three years they have transferred to Iraq an average of nearly £10,000,000 in sterling annually. Part of this consists of royalties and other contractual payments paid to the government and subsequently spent by it, mainly on projects in the capital budget. The larger part, however, has been transferred to pay for current expenses of the oil companies for production, construction projects and exploration. These expenditures have directly or indirectly provided income for the people, which in turn has created a demand for imported goods; the foreign exchange has provided the means to pay for them. Thus the activities of the oil companies can be said to have both caused and financed a large part of the gap.

654x 439 457 The same process will continue as expenditure by the Development Board rises. The Mission envisages that this may reach ID 50,000,000 in about five years' time. Some imports of materials or machinery will result directly from the requirements of the program. The balance of the Board's expenditures will, however, be for the most part made in Iraq. The large quantity of money, which will thereby be put into circulation, will pass from hand to hand and most of it will eventually be spent on imports. This means that in the next five years imports can be expected to increase by a large proportion of the ID 50,000,000 to be spent by the Development Board. At the least, the value of imports is likely to be double what it has been in the last few years.

654x 434 The magnitude of the program and its effect on the economy may also be illustrated by consideration of the national income. The national income of Iraq in 1949 was estimated by the Statistical Office of the United Nations at a figure in dollars equivalent to either ID 100,000,000 or ID 150,000,000, depending on the exchange rate. On the basis of some rough and incomplete calculations the Mission estimates that the actual figure probably fell near the middle of this range. It may now be nearer the upper end, since the price and the volume of production of some commodities, especially cotton, has greatly increased and some industrial expansion has taken place. Thus an increase in the government's annual income from oil of ID 50,000,000 would alone be equivalent to at

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relieved by low ranges and depressed areas of which the major one is the Wadi Tharthar. It is sparsely inhabited by pastoral nomads although in the North some settled farming, made speculative by irregular rainfall, is carried on.

The second region, extending downstream from Ramadi on the Euphrates and Baghdad on the Tigris and including the Diyala River Valley, is the area where most irrigation projects have been carried out in the past. Pump irrigation predominates on the banks of the three rivers where the land is high and water is easily accessible. For the more remote areas flow irrigation is provided by canals dependent on the Hindiya barrage on the Euphrates, the Kut barrage on the Tigris and the Diyala weir on the Diyala River. Here flow irrigation between the two main rivers is facilitated by the fact that in the Baghdad region the Euphrates is higher than the Tigris, while below Baghdad the Tigris is above the Euphrates. In this region barley is the principal winter crop, followed by wheat. Summer crops are limited by lack of water, but among them cotton has become in recent years by far the most prominent, leaving sorghum, sesame, green gram, corn and millet far behind. Fruit culture is important. Dates are widely grown, both for domestic consumption and for export; and the Diyala Valley in particular produces excellent citrus fruit. Rice is an important crop between Nejf and Diwaniya on the Euphrates and around Rumaitha farther down the river. The country's major concentration of population lies in the region comprising the district about Baghdad and the provinces of Hilla, Kerbela and parts of Kut and Diwaniya. It includes the capital, Baghdad, a city with a population of 550,000 and the leading commercial and industrial center of the country.

The third region—the Basra, Nasiriya, Amara triangle—is generally one vast marsh during the spring floods. Here the rural dwellings are of reeds and brushwood, in contrast to the rest of the country where mud huts and, in the mountains of the North, stone houses predominate. Rice grown in the naturally inundated marshland is the staple food, varied by fish; and the water buffalo is the prevailing type of livestock. Here also is the world's largest date palm belt stretching along both sides of the Shatt al Arab and contributing one of Iraq's principal exports. Basra, Iraq's only port, is the largest city of this region and handles most of the country's foreign trade.

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V. Production

A considerable part of Iraq's potentially large resources are as yet unutilized or ineffectively utilized. Most of the manpower on the land is underemployed for a large part of the year, and considerable unemployment exists in the major cities. Vast tracts of land await reclamation and irrigation before they can be used. Much of the available water is wasted owing to lack of storage and regulation of flow. Oil reserves have as yet been tapped only in relatively modest quantities. The output of the country is therefore still very low and the standard of living correspondingly depressed.

Agriculture and Livestock

Estimates of the area and output of the principal crops are given in the table below. Although the statistics are not very reliable, they give some indication of the relative importance of the various crops. Barley and wheat are clearly the dominant crops. Barley is one of the leading exports, and cereals altogether accounted for 43 percent by value of the country's exports other than oil in the period 1948-50. Rice is another important cereal. Cotton is now vying with rice as the leading summer crop. Stimulated by high prices and government encouragement, the area planted to cotton has risen rapidly in recent years. In 1951, probably about 580,000 donums were put in cotton—almost five times the amount in the preceding year. Other summer crops are comparatively insignificant. Some sesame is grown for oil, and some corn, millet and grain sorghum. Tobacco assumes importance only in the mountainous area of the North. Virtually no crops are grown for animal fodder, and the production of hay is unknown. The area devoted to soil-building crops such as legumes is rather small.

Next to cereals, dates are the most important crop. There are about 20.2 million date trees, of which about 9.7 million are along the Shatt al Arab near Basra and the balance in the central valley districts of the Tigris and the Euphrates and the Diyala River Valley. Dates are a staple food over most of Iraq and date exports, particularly from the Basra area, contributed 31 percent by

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value of the country's total exports, other than oil, in the years 1948-1950. Citrus fruit, grown for domestic consumption, is of considerable importance in the Diyala River valley and substantial quantities of other fruits and nuts, although of rather poor quality and marketability, are grown in the North, especially in Sulei-maniya and Erbil. Vegetable culture is of particular importance in the neighborhood of large cities.

Agricultural yields are generally low, although most of the soil is inherently quite fertile. Barley yields, for instance, are about 30 to 35 percent less than those in Canada and the United States and probably slightly less than those of Turkey and Iran. Little or no animal manure or fertilizer is applied, animal dung being used largely for fuel. Salinity attributable to poor drainage has materially lowered productivity of land in the irrigation zone. The soil is often poorly prepared, and weeds detract from the yields. Chief reliance is placed on the fallow system to restore soil fertility, but, since fallow land is often allowed to go up in weeds on which animals graze, its efficacy is limited.

The raising of livestock is an important industry. Sheep and goats predominate because they thrive despite poor grazing and feeding.

TABLE 6

ESTIMATE OF LIVESTOCK POPULATION, 1949-50

Sheep	7,489,700
Goats	1,754,300
Cattle	1,034,600
Buffaloes	200,700
Camels	279,200
Horses	183,800
Mules	66,850
Donkeys	326,400

Sheep and goats, as well as camels, are kept primarily by pastoral nomads who probably number well over 200,000. Cattle and water buffaloes are the livestock of the settled agricultural

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231 population. Livestock, however, are an adjunct to agriculture rather than an integral part of it. Many fellahin have no livestock at all except for a draft animal or two. Livestock are left to forage for themselves, with only some supplementary feeding with straw and perhaps barley in the winter. Only the livestock in and around the cities are systematically fed. Livestock yields are generally very low, primarily because of inadequate feeding, but also because [439] of poor breeding and disease. Yet livestock and livestock products —wool, hides and skins, and casings—accounted for about 13 percent of the total value of Iraq's exports, exclusive of oil, in the period 1948-1950.

Industrial Output

433 Industrial production is still very small. Reliable figures on industrial output and employment are unavailable. According to the Department of Labor, there are roughly 2,400 enterprises in industry, exclusive of service industries, employing over four persons. From Department of Labor data as well as certain supplementary sources, it is possible to give a breakdown for approximately 45,000 people engaged in industrial production. As already indicated, the actual number of people so employed is apparently considerably greater if account is taken of small handicraft enterprises. About 11,500 are employed in petroleum production and refining. The textile, apparel and footwear industries probably employ about 11,000 people. The processing of food, beverages, tobacco, other agricultural products and livestock products accounts for an employment of perhaps 9,000; the production of building materials, including bricks, tile and cement, for about 6,000; and wood processing, for approximately 2,000. Metal-working and machinery repair and maintenance account for most of the balance.

These employment figures tend to convey a rather exaggerated impression of possible industrial output. With the exception of those in the petroleum industry, virtually all are employed in small undertakings where the work is predominantly done by hand and productivity is accordingly very low. It is estimated that only about 2,000 people are engaged in what might be characterized as modern plants. Among these are one woolen and one cotton mill, one brewery, several distilleries, a cement plant, a vegetable oil and soap factory, and a number of flour mills.

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to supplement its capital by borrowing and accepting time deposits from certain institutions, their resources have been wholly inadequate to the need.

VIII. Domestic and Foreign Trade and the Balance of Payments

As noted earlier, trade is probably the second most important occupation. To all appearances, the system of distribution is extremely wasteful. Both in the small towns and in the larger cities there are numerous traders with very small stocks of goods, who cannot possibly earn more than an exiguous income, even if their margin of profit is high. The position is, however, not likely to be cured until the general level of incomes rises and there is alternative opportunity for employment.

Iraq produces most of its food, but apart from fuel, tobacco, and some building materials, most of its other requirements must be imported. Even the small local industries and handicrafts depend to some extent on imported raw materials. Much of the trade is therefore foreign trade. Baghdad is the principal center for the import trade and also has a considerable share in the export trade, although Mosul is the main center for the export of wool and Basra for dates and barley.

Although there are a number of large firms, among them several foreign companies, engaged in the export-import business, trade is by no means monopolized, as can be seen from the following table which shows the distribution of import licenses granted:

TABLE 9

IMPORT LICENSES: 1951

Import Quota (ID 000)	Number of Importers		Total Allocation (ID million)
	Baghdad	Other Cities	
100-180	36	18	6.6
50-80	60	24	4.9
20-40	344	147	13.1
5-10	1,015	502	9.3
	1,453	691	34.9

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[455]

Competition, in fact, is quite keen in bulk commodities like sugar, tea and textiles. There is no organized market, either in export or import commodities, so that, as speculation is rife, prices can swing rapidly upward on the basis of rumored or actual shortage.

TABLE 10

439

IMPORTS INTO IRAQ (by value)
(in millions of dinars)

	1938	1947	1948	1949	1950
1. Sugar	0.5	1.7	3.7	2.2	4.8
2. Tea	0.4	2.3	2.1	2.8	2.9
3. Cereals and flour	—	0.2	2.3	1.1	—
4. Other food, beverages and tobacco	0.4	2.0	1.4	1.5	0.9
5. Cotton and rayon piece-goods	1.3	7.7	7.7	6.2	6.4
6. Other textiles and clothing[1]	0.9	4.0	3.4	2.9	3.0
7. Soap and matches	0.1	0.8	1.0	1.0	0.7
8. Cement and timber	0.5	1.6	1.6	1.0	0.4
9. Petroleum products	0.3	0.9	1.6	1.3	1.6
10. Iron and steel	1.1	4.8	5.0	4.9	3.7
11. Automobiles, trucks, and parts[2]	0.5	2.3	2.5	2.7	2.2
12. Machinery; electrical and other transport equipment	1.7	4.4	6.8	7.0	5.9
13. Miscellaneous	1.7	7.3	6.4	5.9	5.2
Total	9.4	40.0	45.5	40.5	37.6
Oil company imports[3]	1.0	5.1	9.5	10.3	8.4
Net	8.4	34.9	36.0	30.2	29.2

[1] Excluding burlap bags, rope, etc.

[2] Including tires and tubes.

[3] The majority of these imports were in categories 9 to 12. For example, oil company imports in these categories were about ID 8,000,000 in 1948 and ID 9,000,000 in 1949, out of a total of ID 16,000,000 in each year. Except for petroleum products, these goods were virtually all for the companies' own use rather than for resale.

Imports

Table 10 gives a list of the principal imports for 1938 and for the last four years. Broadly speaking, categories 1 to 7 represent the principal consumer goods, categories 8 to 12 fuel, building materials and capital equipment, and category 13 some consumer goods and some industrial raw materials. As the footnote to

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the table indicates, however, the list as it stands includes imports by the oil companies for their own use, only a very small proportion of which are consumer goods. If these are eliminated, the breakdown in 1948 and 1949 would be roughly as follows: 439

TABLE 11

IMPORTS
(excluding oil company imports for their own use)

		1948 (ID million)	1948 (%)	1949 (ID million)	1949 (%)
1-7.	Principal consumer goods	21.5	59	17.6	56
8-12.	Fuel, capital goods, etc.	11.0	30	9.3	29
13.	Miscellaneous	5.0	13	4.6	15
		37.5	100	31.5	100

Thus about 60 percent of the imports other than those by the oil companies were consumer goods, of which textiles, sugar and tea, which are the bulk commodities purchased by the mass of the people, were much the most important. Quantities of these goods imported during the past years are shown in the following table:

TABLE 12

IMPORTS OF TEXTILES, SUGAR AND TEA
(by quantity)

	Piece goods			Sugar	Tea
	Cotton	Art. silk	Woolen	(000 tons)	
	(in million square meters)				
1930-34 av.	62.2	11.4	1.2	37.6	2.1
1935-39 av.	60.6	17.3	2.2	40.5	3.0
1947	47.2	4.1	1.2	28.7	6.4
1948	56.0	1.5	2.0	85.8	6.2
1949	61.6	4.2	1.6	52.0	8.0
1950	54.3	10.1	1.4	87.2	6.9

It will be observed that imports of sugar and tea are now more than double what they were before the war, which, even after discounting an increase in population, must indicate a large rise in consumption per head. Imports of textiles, on the other hand, are

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439 actually less than before the war, so that, although domestic production has increased, consumption per head must have fallen. Since the war, however, the government has encouraged the import of secondhand clothing, licenses being granted for imports from the United States.

433 439 Iraq usually produces sufficient cereals for its own use, imports in 1948 and 1949 being the consequence of two successive harvest failures. Apart from ghee, spices and some vegetables, most of the other foods are high-quality products consumed by the comparatively rich. Of these the import of beer has recently been prohibited, since a modern brewery now supplies the country's requirements.

Both soap and matches are made in Iraq, but soap manufacture was until recently a "backyard" industry and the quality of the product was poor. The sharp drop in imports of cement and timber in 1950 is a consequence of the new cement plant coming into full production. Imports of timber were also low owing to a depression in the building industry. Timber requirements are, however, likely to increase, as Iraq's own sources of supply are meager. Imports of iron and steel have also been affected by the slump in construction. This category, however, includes a wide range of other articles besides structural steel, the most important in recent years being pipelines for the oil companies. Other articles, such as household ware, should more properly be included with consumer goods.

As Iraq's output of refined petroleum products is limited to a small refinery and the requirements of motor transport, irrigation pumps, agricultural machinery and industry have steadily increased, a growing deficit has had to be made up by imports. The government plans to build a new refinery which should, when completed, remove the need to import virtually all of these products.

Among the most important categories of machinery are irrigation pumps and agricultural machinery, imports of the latter having greatly increased since the war. Other items include equipment for electricity production and distribution, and plants for the various new industries started since the war, such as textiles, distilling and the manufacture of ice.

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The miscellaneous category includes such items as glassware, ceramic products and pharmaceutical products. A number of raw materials or other products used in industry are also included, for example: tanning material; leather for shoemaking; wooden boxes and other materials for packing dates (to the value of about half a million dinars in 1948); oils and oilseeds for the vegetable oil and soap industry; and non-ferrous metals for the small metal-working industries.

Exports

The three principal groups of exports are dates, cereals and animal products. Although there have been large fluctuations in the quantities exported, particularly of cereals, over the last 25 years their combined value has usually been at least 85 percent of the total value of exports other than oil, and has often been more. Of the remaining export products, cotton has usually been of some importance in the past and promises to be of much greater importance in the future. Prewar and postwar values of the groups of exports are shown in the following table:

TABLE 13

PRINCIPAL EXPORTS
(in millions of dinars)

	1931-35 Av.	1936-39 Av.	1947	1948	1949	1950
Dates	0.9	0.9	4.7	4.7	3.2	4.3
Cereals	0.7	1.3	6.7	0.2	5.8	10.8
Animal products	0.5	1.2	1.2	1.6	1.2	2.2
Other	0.4	0.5	1.2	1.1	1.0	3.1
Total	2.5	3.9	13.8	7.6	11.2	20.4

Dates. Iraq has long been the foremost exporter of dates in the world. The quantity exported has increased steadily from an average of 120,000 tons in the late twenties to 200,000 tons since the war. The crop may vary considerably from year to year. For example, the amount exported in the last quarter of 1949 and the first three quarters of 1950, which represents approximately the exportable surplus from the 1949-50 crop, was about 150,000 tons. The 1950-51 crop, on the other hand, was unprecedentedly large and a record amount of 340,000 tons was exported.

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439 433 As Iraq has such a large share in the world's trade, variations in the size of the crop can cause large fluctuations in price and, in a prolific year, marketing difficulties. Since 1939 the burden of marketing the prime quality varieties (Khadrawi, Hallawi and Sayer), which are sold in the United Kingdom, Western Europe, North America and Australia, has been largely removed by a series of bulk contracts between the Date Association and a British company, under which the latter has agreed to purchase at a fixed price all dates of these varieties grown in Basra province.

No such scheme exists for the Zahdi and other lower quality dates. Their principal markets are in India, Egypt and other countries of the Far and Middle East to which much of the trade is carried in the traditional Persian Gulf sailing ships. Disposal of the extremely large 1950-51 crop through the normal channels proved impossible and the price of Zahdi dates fell during 1951 to a point where it was hardly remunerative to transport them to Basra. Faced with this situation, the government sent a trade mission to India and Pakistan and succeeded in making agreements with those countries which provided, among other things, for increased imports of dates.

Cereals. Barley is the only cereal now exported in large quantities, but the quantity is subject to extreme fluctuations owing to the great variability in the crop. On the average, exports have increased considerably over the years. In the latter half of the twenties, they averaged 100,000 tons and before the war 230,000 tons. From 1945 to 1947 they were around 250,000 tons annually, but successive bad harvests in 1947 and 1948 led to a temporary ban on exports in 1948, when less than 3,000 tons were exported. Two bumper crops followed, however, and in 1949 and 1950 exports, which had not before exceeded 300,000 tons, amounted to 326,000 and 462,000 tons respectively.

433 439 262 There was normally a surplus of wheat for export before the war; in 1937, the best year, over 100,000 tons were exported. Since the war, however, exports have been negligible except in 1950, while in 1948 and 1949 there were considerable imports as a consequence of the bad harvests. On balance, therefore, Iraq cannot at present be considered an exporter of wheat. This is, no doubt, due to the increasing consumption of wheat in the country, as a

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consequence not only of the increase in population, but also of the shift from the rural areas, where barley is often a staple element in the diet.

Large quantities of rice are produced, but the surplus for export has always been very small. The only other cereal exported in any quantity is millet.

Animal Produce. The principal animal products exported by Iraq are wool, live animals, hides and skins and casings (intestines), usually in that order of importance. The sheep is the main source of these products, providing all the wool and usually the bulk of the other products. As with dates and cereals, the quantities exported vary greatly from year to year, sheep being vulnerable not only to disease, but also to extremes of winter cold and summer drought. In contrast with the other main exports, however, there has been no tendency for exports of animal products to increase. Exports of wool, hides and skins have, on the whole, been below prewar levels, while those of casings have fallen off badly. As animals are often taken across the frontier on the hoof, customs returns of live animals exported are not reliable. The recorded decrease since before the war, is, however, too large to be discounted.

Information on the animal population and on the domestic consumption of meat and other products is sketchy and unreliable. A rise in the consumption of meat could well explain the loss of exports of live animals, but this in turn would tend to make available a larger, not smaller, supply of most by-products. Part of the explanation of the fall in export products may lie in a declining sheep population owing to the gradual shift from the pastoral life to settled agriculture and from agriculture to the towns. The monograph on agriculture and animal husbandry discusses the shortcomings of the livestock industry and recommends measures to improve livestock raising and the quality of livestock products. The value of exports of animal products is likely to continue its downward trend unless these measures are undertaken speedily and vigorously.

Sheep are especially important as a potential source of dollars. Wool is the most important export to the United States, which also takes all the casings exported and considerable quantities of

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439 457 skins. Not all the dollar income accrues to Iraq, however, partly because invoices are regularly undervalued and also because some commodities are sold through intermediaries in the Lebanon.

439 **Other Products.** In the years 1947 to 1949 the remaining exports consisted of the following: bricks and sand exported for use by the Anglo-Iranian Oil Company to the value of about ID 300,000 a year; a variety of agricultural products, whose total value did not exceed ID 500,000 in any one year; and cotton. Iraq has always exported a little cotton, but in the best years, just before the war and again in 1950, its value was only about five percent [241] of all export receipts. The position is now changing radically. Iraq, like several neighboring countries, is experiencing a cotton boom. Under the stimulus of high prices, the area under cultivation has increased rapidly in the last few years and predictions for the 1951 crop have ranged as high as 150,000 tons of seed-cotton, compared with 25,000 tons the year before. If the fellah's traditional aversion to a crop he cannot consume himself has been permanently overcome and if he can acquire the necessary knowledge for good cultivation, cotton could very soon become one of Iraq's most important exports, if not the most important. As a summer crop, however, its cultivation will be hazardous until the control of the rivers gives better assurance of a summer water supply.

Import Policy

439 656 457 All foreign transactions are, with certain exceptions, subject to exchange control. Imports from hard currency areas have been governed by licensing systems and have been limited to goods such as agricultural and industrial machinery, automobiles, trucks and drugs. Before 1948, imports from other areas were not subject to license, except for about 100 items, mainly luxuries. In that year, however, Iraq experienced a very large drain on her foreign exchange reserves and a more complex system was introduced.

Under the system now in force, all imported goods have been placed on one of several lists, the two longest consisting of "unlimited" and "limited" goods. Each merchant is given an annual quota in dinars, within which he can import unlimited goods without restriction, provided he obtains a license for each purchase. Alternatively, he can spend a small part of his quota on "limited" goods, but only up to a fixed amount.

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Unlimited goods consist mainly of the goods purchased by the common people such as tea, sugar and cotton textiles, and a variety of other goods considered essential, such as drugs and medical equipment, educational matter, industrial, electrical and agricultural machinery, transport equipment and raw materials for local industries such as gunny bags, certain vegetable oils, *mastika* (for *arak*), tanning extracts and non-ferrous metals. The principal object of the system, when it was introduced, was to prevent a shortage of these necessities—and hence high prices—at a time when imports as a whole had to be restricted to protect the country's exchange reserves. As an additional safeguard, each application for an import license was scrutinized to insure that the articles being purchased were not too highly priced. Since Iraq's foreign exchange position greatly improved in 1950, the import of unlimited goods is now permitted without any quota limitation.

The goods on the limited list, while not strictly luxuries, consist of goods considered less essential than those in the unlimited list. This includes, for example, ready-made clothing of various kinds, automobiles, matches, and certain types of household utensils and electric ware. Luxuries, such as bananas, confectionery, cosmetics, Persian rugs and nylon stockings, were placed on a third list of goods "without foreign exchange." These goods could be purchased only by merchants who held a special license to import "without foreign exchange," which meant that they had to acquire foreign exchange through other than the official channels. Such licenses also permitted them to purchase goods on the other two lists.

Foreign exchange can be acquired without official license in a number of ways, of which the following are probably the most important: by undervaluation of exports, especially wool, hides and skins; by the export of dates to neighboring countries in small craft (in this case retention of foreign exchange is legally permitted); by smuggling, although there is probably a net inflow of smuggled goods; by sale of dinar notes to foreign pilgrims to the Holy Cities; and by overvaluation of imports. The present system was introduced in order to compel merchants to use these resources instead of drawing on the national exchange reserves. Although the system has been successful in that there has been a very

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439 656 457 extensive use of private exchange holdings, particularly in 1949 when licenses to the value of over ID 10,000,000 were issued, it may well be that it has also encouraged the illegal acquisition of foreign exchange.

A fourth list consists of prohibited goods. This is purely a protective device, almost all of the goods in this list being produced in Iraq. These include a variety of agricultural products such as sesame seeds and cottonseed or their oils. Several of the newer industries have also been protected by the prohibition of their products, for example, beer, cement, cotton yarn, aluminum ware, alcohol and hides.

Although the improvement in the foreign exchange situation has led to a relaxation of the quota limitation, the other restrictions remain. In particular, import licenses still have to be obtained for each purchase. Although it is maintained that licenses can now be obtained quickly, this appears to act as at least a psychological deterrent to merchants. One of the objects of the licensing system is to restrict importing to bona fide merchants, but if this is considered necessary, it could, of course, be achieved by the issue of a general importer's license, good for a period such as a year.

439 656 As the economy develops and the standard of living rises, which it may do rapidly in the near future, the demand for goods now on the limited and prohibited lists is likely to increase and restrictions on imports of these goods might easily have an inflationary effect on prices. This would hit the artisan, the clerk and the civil servant, and might increase the cost of the development program. Any extension of prohibition to textiles and other goods produced in Iraq would, of course, hurt the poorest classes. Under these circumstances, it will be very difficult to manage so rigid a system.

A much more flexible instrument would be the customs tariff, but little coordination of the import licensing system with the tariff [651] seems to have been achieved. At present the tariff is primarily a means for raising revenue and, as such, imposes the greatest burden on those who buy bulk commodities. It hardly conforms to the objectives of a licensing system that aims at a plentiful supply of these goods at low prices. The principal objection put forward to higher duties on luxuries is the increased premium

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thereby put on smuggling which is difficult to control in a country with long land frontiers, even with a large police force. On the other hand, smuggled goods can now be purchased quite openly, and it is hard to believe that enforcement could not be made more effective.

In any event, outright restriction of imports could cause prices to rise and so put almost as great a premium on smuggling as a high tariff. The government has tried to prevent excessive mark-ups on certain goods such as radios by price control measures, but the control is by no means fully effective.

The government has also supplemented the system by entering the market itself. For example, arrangements have been made under the recent Trade Agreement with India for the import of cotton textiles and gunny bags, in part on government account. The government has also made direct purchases from abroad of its own requirements (e.g. tires). The effect has, however, not always been as intended, merchants being hesitant to buy with the prospect of large government stocks hanging over the market.

On the whole, a less complex system of import control would seem better suited to an economy like that of Iraq, whose requirements are likely to change in composition and to increase quite rapidly. Fewer regulations, more strictly enforced, are likely to serve better the two ends of social justice and public revenue.

Balance of Payments

The bulk of foreign transactions are carried out through the commercial banks, which are subject to exchange controls, or through government channels such as the National Bank. However, numerous transactions pass through other channels and many of them are virtually impossible to estimate. For this reason the Mission has not attempted to construct a true balance of payments. Table 14 shows the foreign exchange transactions passing through the principal official channels, so far as they are known to the Mission. The other items which would enter into a complete balance of payments are discussed subsequently.

As will be seen, even this account, which it should ordinarily be possible to balance, is subject to a wide margin of error for which no explanation is available. The general significance of the

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TABLE 15

MERCHANDISE TRADE
(in millions of dinars)

	1949		1950	
	Exports	Imports	Exports	Imports
Customs returns	12.4	40.5	22.0	37.6
Less				
Oil Companies trade	− 0.7	−10.3	− 0.8	− 8.4
"Officially" financed	−14.9	−20.0	−20.6	−24.8
Discrepancy	− 3.2	10.2	0.6	4.4

Agents). But the principal explanation of the large amount of residual imports is the import of goods "without foreign exchange." Licenses issued (but not necessarily used) amounted to ID 10,800,000 and 7,400,000 in 1949 and 1950. These were paid for with foreign exchange acquired by the methods already described. Part of this foreign exchange was, no doubt, also used for travel abroad, particularly in the Lebanon. Insofar as receipts and expenditures in "unofficial" foreign exchange did not balance in any one year, there must have been a balancing item in these transactions, representing capital export or import. No data is available on this, but it is generally believed that there has been a considerable export of capital in recent years.

IX. Government and the Economy

Until recently the goverment, handicapped primarily by a shortage of funds, played a comparatively modest role in promoting economic life. In agriculture the main effort was confined to the production and distribution of seeds, the promotion of cotton and citrus culture and the combating of diseases and pests, particularly the locusts. Some help was given through the establishment of the Agricultural Bank and of a government organization for the rental of agricultural machinery. One project for the settlement of smallholders on newly irrigated government land in the Dujaila district near Kut was initiated. Outlays on irrigation and flood control,

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reason the cultivation of more cotton as well as such crops as linseed and sunflower seed will be important to the livestock economy.

Sugar Beets and Cane

The value of beet tops and pulp for livestock feeding might also be regarded as one of the principal reasons for introducing the cultivation of sugar beets. Similarly, one of the advantages of cane sugar might be the production of molasses which could also be used for livestock feed. These have been, of course, subordinate considerations in the minds of those who have advocated these crops for Iraq. The principal consideration has been to produce at home the sugar now imported in a volume which averaged 75,000 tons per year in the three-year period 1948 to 1950.

Undoubtedly sugar beets could be cultivated in the northern provinces of Suleimaniya and Mosul and sugar cane in the South, particularly in Amara. The real question is, however, whether either or both of these crops could be grown economically and on a scale large enough to warrant the necessary investment in processing plant. It must be decided whether cane or beet is preferable and whether either of them can compete with cotton for the available land, water and labor. The data available at present do not make it possible to arrive at sound decisions on these questions.

Test plots grown over 10 years indicate that there are several varieties of beet well adapted to Iraq and capable of reasonably high yields in terms of sugar. Experiments on cane sugar production at Abu Ghuraib, Basra and Amara have yielded much less favorable results, although one variety under test held some promise of furnishing sugar at an economic cost. The experiments, however, have not been conducted in a way and on a scale that would permit a satisfactory conclusion. If further experiments prove the feasibility of growing cane, it is likely to be a more economic crop than sugar beet. Experience elsewhere demonstrates that cane yields are generally higher and that the production of cane is less difficult and less demanding of skilled and semi-skilled labor than that of sugar beets. It is suggested therefore that further experiments on a larger scale be undertaken under appropriate expert guidance. In each of the possible beet sugar areas five or more 10-donum plantings might be tried. Special attention

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Machine Shop

392 There are about 150 very small machine shops in Baghdad. The total labor force in these shops is approximately 400. They do various types of metal work but by far the most important is the normal maintenance work on more than 3,000 diesel-driven irrigation pumps. While the workmanship is good, costs are very high because of the heavy overhead.

All of this work could be readily accomplished in one small, modern machine shop equipped with metal fabricating facilities, electric repair shops and including a modern foundry. With such facilities, not only could maintenance work on irrigation pumps and engines be carried out, but completely new diesel-driven pumps could be manufactured, replacing those now imported. It would, of course, be necessary to import special items such as fuel pumps, bearings and gears. Likewise, the design should be obtained through a license arrangement with some international firm. This plant would reduce the cost of present maintenance work by about one third and constitute the beginning of a modern equipment manufacturing concern. The shops thus replaced could be moved to rural areas to handle local automotive and agricultural machinery repairs.

The cost of such a machine shop would be about ID 600,000, including ID 500,000 of foreign exchange, mostly pounds sterling. It should be financed by private capital in conjunction with the Industrial Bank.

Jute Mill

288 [434] Jute products such as sacks, hessian cloth and twine are now being imported at the rate of about ID 384,000 per annum. The demand for such products is increasing and appears to be large enough to warrant establishment of a jute industry, even though the raw material will need to be imported. Ultimately it may even prove feasible to grow jute in Iraq.

The plant should be capable of making about 10,000 tons of jute products per year. The cost of such a mill would be about ID 500,000, including ID 400,000 in foreign exchange, mostly in pounds sterling. This mill could be financed by private capital and the Industrial Bank. It is recommended that it be located

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in Basra, close to both shipping and the agricultural area which may prove suitable for the growing of jute. It would employ about 300 workers.

Automobile Tires

The importation of automobile and truck tires is increasing at a rate of approximately 15 percent per annum, the value of all tires imported in 1950 being ID 468,000.

A plant of economic size to manufacture tires could be justified with a market of approximately twice that which now exists. Such a market will probably be reached in 1955. Since it would require approximately two years to construct a tire plant, it is recommended that plans be formulated to start such a plant in 1953.

The plant would be so designed as to utilize the maximum amount of labor and, accordingly, should cost no more than ID 750,000, including foreign exchange of ID 600,000, mainly pounds sterling. It could be financed by private capital with the assistance of the Industrial Bank. Foreign technicians would be required during the first years of its operation.

Salt

Geophysical work gives conclusive evidence of a very large salt dome near Basra. Unfortunately, the analysis is not known. This dome could be the source of very cheap salt for both export and domestic consumption. It might make feasible the establishment of an alkali plant, particularly since the nearby oil field would be able to furnish gas as a source of cheap power. It is recommended, therefore, that core drilling of this dome be started as soon as possible to permit a proper evaluation of the possibilities of its use.

Sugar Mill

Considerable thought has been given to the recommendation of a sugar refinery. Such an enterprise would, of course, have to depend on agriculture to supply the raw material, either in the form of sugar beets or sugar cane. Since this cannot be assured at this time, it is recommended that the development of this industry be held in abeyance for the present.

8:Campbell T-5 (no date) 1949 MH1 Iraq MH1

phrases as 'Amir ul Mouminin', that is, 'The Commander of the Faithful".

12. The Story of the Two Dancers

Page 171, Line 1. 'Which was full of chests of Kuweit of enormous size.'

The Kuweit chest is sometimes to be seen in English houses, its owners ignorant of its history. It is normally of polished or carved teakwood studded with brass, and with massive brass hinges and locks which are engraved by hand. In size it may be from four to six feet long; two and a half or three feet high, and of course broad in proportion. It sometimes has a false bottom or secret drawer. I have often hoped that some resident of Kuweit would write a book on these interesting chests. I have seen many of them, beautifully worked, in the bazaars of Baghdad and Basra. I also used to see them when going on board Kuweiti jalbuts from India when they called at Bahrein. There were usually a number of these chests carried as deck cargo, though not as large nor of such good wood as the old ones found in the bazaars. The nakhodas of the craft whom I questioned about these chests informed me that their sailors, in addition to receiving pay, had the right to bring one chest each from India, full of goods to be sold on their own account. I did in fact look through some of these chests and found them in the main stocked with Indian sandals, mirrors, scent, rolls of cloth, saris and similar articles. I was told that in the past Kuweiti sailors would buy the chest in India, stock it with goods, and carve it and put in the heavy brass studs on the voyage back to Kuweit, which might take several months, as the dhows call at a number of small Indian and Persian ports. On arrival at Kuweit or Basra the chests and their contents would be sold, and the price of a well worked chest was an important part of a sailor's earnings. I asked them why the chests on the deck of most of the dhows were without ornament, and was told that at present there was less profit in the sale of the chest than in the goods it contained, and that chests now available in Southern Indian ports were of such poor quality that they did not repay work. They still buy these chests as the sailor's own property is carried as

8:Campbell T-5 (no date) 1949 MH1 Iraq MH1

deck cargo, and the goods would be liable to damage by rain or spray if otherwise packed.

13. THE STORY OF SHEIKH MIZHIL EL QURNACHI, A MAN OF A NOBLE FAMILY, THOUGH HIS LAND WAS POOR

Page 185, Line 15. 'and ordered fifty mithkals of them.'
The mithkal is a small weight used by goldsmiths.

Page 188, Line 20. 'Take soldiers and go to Qasr Qurnachi.'
Qasr—castle. 'Qurnachi Castle.'

Page 191, Line 11. 'Can then the hawk fly without wings.'
I was told that this quotation was from a famous Arab poet, but regret that I was unable to place it, and nobody could remember the name of the poet. The quotation as put into the mouth of Sheikh Aqab is particularly apt, as Aqab, though its literal translation is 'eagle,' is a name often given to hawks.

Page 198, Line 24. 'She was clad in an ataq and bag trousers.'
The ataq is a kind of blouse.

14. THE STORY OF DAOUD THE CAMEL AND OF HIS MISFORTUNES

Page 204, Line 4. 'The Shammar of the Jezira.'
The area in Mosul Liwa which lies to the west of the Tigris, that is, between the Tigris and the Euphrates, is known as the Jezira, or Island. The Shammar in this area are the famous tribe of the late Sheikh Ajil el Yawar.

15. BETWEEN TRUTH AND FALSEHOOD LIE FOUR FINGERS

Page 214, Line 14. 'The name of this girl was Leila for she was born in the night.'
Leila, 'Night,' is a popular girl's name in South Iraq. I do not think it is restricted only to those girls born at night.

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[For data on the imported or exported products of the following plants, see MA1 Iran, 35 : Hooper and Field, category 116, pp. 79-188; licorice (Abrus precatorius), cream of tartar tree (Adansonia digitata), bitter aloes (Aloe perryi), pellitory (Anacyclus pyrethrum), Levant berry (Anamirta paniculata), Persian kohl (Astragalus fasciculaefolius), bamboo (Bambusa arundinacea), bastard teak (Butea frondosa), calamint (Calamintha graveolens), senna (Cassia acutifolia), purging cassia (Cassia fistula), cockscomb (Celosia argentea), -quinine tree (Chinchona calisaya), cinnamon (Cinnamonum cassia), myrrh (Commiphora molmol), Indian bdellium (Commiphora mukul), balm of Gilead (Commiphora opobalsamum), mamiran (Coptis teeta), Indian hazel (Corylus colurna), Oriental hawthorn (Crataegus orientalis), tumeric (Curcuma domestica), long zedoary (Curcuma zedoaria), keshus (Cuscuta planifolia, C. hyalina), yellow larkspur (Delphinium zalil), dragon's blood resin (Dracaena cinnabari), cardamom (Elettaria cardamomum), Embely currants (Embelia ribes), qurs-i-kamar (Entada gigas), chiresh (Eremurus aucherianus), musk root (Ferula sumbul), buqnaq or erok orab kuzzi (Glossostemon bruguieri), licorice (Glycyrrhiza glabra), cotton (Gossypium hirsutum), East Indian screw tree (Helicteres isora), Deccan hemp plant (Hibiscus cannabinus), mivah-i-zaban-i-gunjishk (Holarrhena antidysenterica), barley (Hordeum vulgare), henbane (Hysocyamus reticulatus), star anise (Illicium verum), turpeth (Ipomoea turpethum), graveyard iris (Iris spuria),

columba (Jateorhiza columba), juniper (Juniperus excelsa), lesser galangal (Languas officinarum), henna (Lawsonia alba), cress (Lepidium sativum), kanala (Mallotus philippinensis), mallow (Malva sylvestris), alfalfa (Medicago sativa), musk root or Indian spikenard (Nardostachys jatamansi), cobra saffron (Ochrocarpus longifolius), sweet basil (Ocimum basilicum), Indian alkanet root (Onosma echioides), mountain rue (Peganum harmala), date palm (Phoenix dactylifera), embylic myrobalans (Phyllanthus emblica), aniseed (Pimpinella anisum), tailed pepper (Piper cubeba), false mastich or turpentine (Pistacia intererrima), pistachio (Pistacio vera), spogul (Plantago ovata), bistort (Polygonum bistorta), perfumed cherry tree (Prunus mahaleb), red sandalwood (Pterocarpus santalinus), quince (Pyrus cydonia), oak (Quercus), Rangoon creeper (Quisqualis indica), rhubarb (Rheum palmatum), sumac (Rhus coriaria), Persian yellow rose (rosa foetida), madder (Rubia cordifolia, R. tinctorum), sugar (Saccharum officinarum), white sandalwood (Santalum album), Indian costus (Saussurea lappa), marking nut tree (Semecarpus anacardium), bittersweet (Solanum dulcamara), wild eggplant (Solanum xanthocarpum), great millet (Sorghum vulgare), Stachys germanica, St. Ignatius' bean (Strychnos ignatii), nux vomica (Strychnos nux vomica), belleric myroba-

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- lans (Terminalia bellerica), tea (Thea sinensis), desert parsnip (Trachydium lehmanni), gum copal (Trachylobium hornemannianum), small caltrops (Tribulus terrestris), white clover (Trifolium repens), wheat (Triticum vulgare), tulip (Tulipa montana), pale catechu (Unçaria gambier), white hellbore (Veratrum album), grape (Vitis vinifera), jujube (Zizyphus vulgaris).]

[For data on the importation or exportation of the following mineral drugs, see category 116, pp. 189-193: alum, ocher (Armenian earth), orpiment (arsenic trisulphide), saltpeter (potassium nitrate), and a series of edible and medicinal earths.]

8:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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874 ics in agricultural areas. Foreign advisers and instructors are being extensively employed. *Commercial:* secondary commercial schools in Baghdad, Mosul, Najaf, with night classes in Baghdad and Najaf. Commercial classes have been introduced into the ordinary secondary school curriculum in various cities. *Nursing and Domestic Science:* Schools of Domestic Science, Nursing, Midwifery in Baghdad. It has been proposed that instruction in the state vocational schools should be of such a standard that graduates could proceed at once to the relevant higher institutions. Other vocational establishments are the Iraq State Railways workshop training school in Baghdad and the IPC's technical training centre in Kirkuk.

873 An Institute of Fine Arts in Baghdad gives instruction in music, painting, sculpture, and drama and trains teachers in most of these subjects.

873 217 *Department of Antiquities.* The Department of Antiquities maintains an extensive programme of excavation, restoration, research and publication and has gained recognition for its work in international academic circles. It controls five museums in Baghdad, one each at Samarra and Babylon, and has recently opened one in Mosul.

Economic Survey

651 439 433 The greater part of Iraq's national revenue will soon be drawn from her oil, which represents an important fraction of the world's supply. Her general economic organization is nevertheless agronomic. Agriculture and animal husbandry practically suffice for her internal requirements of foodstuffs and provide, after oil, most of her exports.

135 Apart from oil, raw materials are sparse. There are deposits of salt, low-grade bituminous coal, gypsum, and sulphur and, in more limited quantities, of potassium nitrate, crystal quartz, sandstone, and dolomite. Building stone is found only in the hill districts; in the alluvial plain mud and reeds are the common building materials of the poor, but houses of locally made burnt bricks are common in the towns.

339 342

185 652 [511] In 1950 a Development Board was established with the function of drawing up and, after parliamentary approval, executing a general economic and financial plan for developing the country's resources and raising the standard of living; it was to include but not be limited to projects for water conservancy, flood control, irrigation, drainage, industry, mining, and improvement of river, land, and air communications. For the execution of its programme the Board has been allocated 70 per

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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alluvial plain of the centre and south, where agriculture depends on the water of the Tigris and Euphrates for irrigation by pump, flow, or natural inundation. In the first region rainfed winter cereals predominate, with millet, maize, sesame and other summer crops grown as subsidiaries where irrigation is possible. Kurdish mountain crops include tobacco and grapes. In the central canal zone (Faluja–Baghdad–Diala) wheat and barley are the principal winter crops; summer crops include millet, maize, sesame, and the produce of market gardens near Baghdad. From here southward barley and rice predominate, with a great concentration of palm groves in all the riverain land, especially around Basra on the Shatt al-Arab. The deserts of west Iraq afford extensive grazing after the winter rains.

Cultivation is based traditionally on the following system. In the south, either half the land is left fallow and half tilled each year, or half is sown with a summer crop, half with a winter. In the north the land may be continuously cropped for two or three years, and then left fallow for the same period. The use of artificial fertilizers is practically unknown, but the land is sometimes manured by allowing shepherd tribes to pasture their flocks on fallow ground.

Although the vast majority of agricultural implements employed are still traditional and primitive, modern machinery is being imported steadily. A high target has been set, especially since the war, and Government service stations have been established. In 1950 imports were as follows: tractors 166, ploughs 146, cultivators 26, combines 98, threshers 1, grain drills 21, disc harrows 14. Oil pumps for irrigation are even more in demand than tractors; in 1949–50 there were 3,600 in use, with an average horse-power of 36.

The agricultural development of the country is organized by the Ministry of Agriculture, which contains departments for plant breeding and protection, horticulture, forestry, agricultural machinery, animal husbandry and veterinary services.

Crops

The principal crops, with their production in 1950 in thousands of metric tons, are *Winter*: barley, 851; wheat, 520; lentils, 6; vetch, 3·5; linseed, 0·2; *Summer*: rice, 242; cotton, 25; sesame, 10; maize, 21; millet 19; green gram, 12; tobacco, 3 (purchased by Government Tobacco Monopoly); dates, 250.[1] Of the two most important crops, barley and dates, the former is grown mainly in the northern plains and the *liwas* of Kut, Muntafiq, Hilla, and Diwaniya in the irrigated zone. With a

[1] ibid. p. 146.

3:Royal Institute of International Affairs U-4 (no date)1964 M1 Middle East
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yield of nearly twice that of wheat, it is more popular with farmers. In normal years Iraq grows sufficient barley to ensure an exportable surplus of some 300,000 tons. The main importers in 1950 were Holland and Great Britain.

Rice is grown mainly in the marshes of the Lower Tigris and Euphrates near Amara and Suq ash-Shuyukh and in the Hilla and Diwaniya *liwas*, especially in the marshes around Shamiya. A small quantity is grown by irrigation in the valleys of the Kurdish areas. It is sown as a summer crop for harvesting between September and November. Its yield and price are usually higher than those of wheat or barley, but it is more extravagant of water and its cultivation is therefore restricted by law (1932). Before the war there was a small exportable surplus, but exports in recent years have been confined to limited amounts of the inferior qualities.

Dates. Iraqi dates constitute four-fifths of the world's production; the Government has a special interest in their cultivation and marketing. The Shatt al-Arab area above Basra, where growing, packing, and marketing are managed by a Date Board representing all interests, has 18 million[1] trees; the other main producing area in Iraq is on the Euphrates upstream from Nasiriya. Date-palms need a plentiful supply of water, but its quality and that of the soil is less important. Some 350 varieties of date are said to be grown in Iraq, of which only four are usually exported in quantity. Total annual production in normal times averages about 288,000 tons; of this about half is exported and half consumed within Iraq, either as food—dates are a staple item of diet—in natural form or as date syrup, or as raw material for the spirit industry. Of the by-products, the fibrous trunk is used for rope-making and the powdered stone for cattle fodder. Selection and packing for export are improving greatly under the supervision of the Government Date Board. The main importers of Iraqi dates were, in 1950, India, the United States, Egypt, Great Britain, Canada, and Pakistan.

Forests

The forests of Iraq, covering an area of 18,000 square kilometres, are of variable density. They were at one time far denser and more extensive, but have been and are still being reduced by shifting cultivation, fires, and uncontrolled cutting and grazing. The Forestry Department of the Ministry of Agriculture is undertaking a programme of conservation and afforestation, which will safeguard the soil, increase timber and

[1] The official figure; the IBRD report gives a figure of only 9·7 million.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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time, which, prolonged by primitive methods, may interfere with or even prevent autumn tillage and sowings. Because of the low density of population, an improvement in the water-supply of a given area in the irrigated zone usually causes a shift of population from less favoured areas, which consequently go out of cultivation. This tendency is greatly increased by the unstable nature of the rural population, a great part of which have settled to cultivation within the last century and have no lengthy attachment to their locality. Political circles are alive to the need for reform, and recently an attempt has been made to establish small-holders on lands newly introduced to irrigation (for example, on the Abu Ghuraid and Dujaila canals), and to establish co-operative organization. In 1951 a law was passed for the distribution of state land in parcels of varying size to selected settlers, up to 20 per cent of each area to be allocated to graduates of agricultural schools and former members of the police and army, and up to 25 per cent to civil pensioners and unemployed school graduates. An Agricultural and Industrial Bank, formed by the Government in 1936, contributes to the welfare of small landowners by providing cheap credits, though its resources are inadequate for the need.

Livestock

Raising livestock is of major importance both in the internal economy of the country, by providing food, transport and traction, and raw material for essential manufactures, and also in foreign trade. In the period 1948–50 livestock and their products—wool, hides and skins, intestines (casings)—accounted for about 13 per cent of Iraq's total exports excluding oil.

Most of the rural and much of the urban population depends to some extent on animal husbandry for a living, but methods have hitherto been mostly primitive and unsystematic, being semi-nomadic and divorced from crop-raising, with little attempt on the part of the owners to supplement natural feeding except in winter, or to improve the breed or combat disease. Quality and productivity are consequently low. The Government Department of Animal Husbandry, however, is experimenting to improve the breed of cattle, sheep, and mules and the Government controls the importation of animals to safeguard the native stock from diseases from which it is at present free, such as rinderpest and contagious pleuro-pneumonia. By irrigation, water conservation, and control of pasturage a more permanently settled system could be evolved, integrated more closely with the production of crops.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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315 frontier. A 30–32-inch pipeline of 14 million tons' capacity was
433 opened to Banias in Syria (560 miles) in 1952.

In the MPC concessionary area exploration and drilling were carried out before 1931, but it was not until after the Second World War that oil of certain commercial value was discovered and produced, at Ain Zala, north-west of Mosul. In 1952 the field was linked by a 12-inch pipeline to the IPC pipeline system, to permit the export of its crude oil to the Mediterranean coast.

In the BPC concessionary area exploration began in 1939 and, when resumed at the end of the war, was made more effective by the application of new geophysical methods. A field producing oil of good quality was developed in the area of Zubair, the average depth of the wells—some 11,000 feet—being greater than in any neighbouring Persian Gulf oilfield and four times greater than at Kirkuk. Oil is carried the seventy-four miles from the field to a new oil port at Fao, where oil was first shipped in December 1951, through a 12-inch pipeline; a second pipeline, of 24 inches, was completed in 1953 to cope with the company's increased production programme under the terms of the 1952 agreement.

433 Production of crude oil for 1952 (the first year of MPC and BPC production) was as follows: Kirkuk (IPC) 15,553,000 tons, Ain Zala (MPC) 270,000 tons, Zubair (BPC) 2,238,000 tons.

471 The area of eastern Iraq excluded from the concessions of
433 these three companies has been developed by the Khanaqin
382 Oil Company, a subsidiary of AIOC, on the basis of agreements made in 1925 and 1926. The output of the company's refinery near Khanaqin, together with imports from Abadan, provided Iraq's internal requirements of petroleum products. In accordance with an agreement ratified in 1952, the Iraq Government has bought the refinery, the company undertaking to operate it for ten years and, if requested, to operate also the new government refinery near Baghdad which is to replace it; after the Khanaqin refinery is closed the company will retain its production area on the same terms as those of the IPC 1952 agreement, conditional on exporting an annual minimum of 2 million tons of crude oil.

The government refinery at Daura near Baghdad, on which work started in 1952, is designed to produce a million tons of refined petroleum products per annum, a figure well in excess of the present requirements of the country. Meanwhile a small refinery of some 175,000 tons annual capacity has been erected
[439] at Basra to help make good the deficiency caused by the cessation of petroleum imports from Abadan.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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company ceased operations in 1949 but several small private concerns continue to operate barges, mostly propelled by motor launches. Freight is still carried in sailing craft.

Airways. Iraq is served from London, the United States, most European and Middle East capitals, Pakistan, India, the Far East, and Australia. The main international services are maintained by Great Britain, the United States, France, and Holland, and there are Middle East services operated by Iraq, Persia, Egypt, and Lebanon. The administration of Iraqi Airways is integrated with that of the State Railways, with BOAC as technical adviser; in addition to local services it operates regularly to Damascus, Beirut, Cairo, Tehran, Kuwait, and Bahrain. There are two international airports, at Baghdad and Basra, both of which are scheduled for further development to accommodate the newest heavy aircraft. There are also landing grounds at Mosul, Irbil, and Kirkuk and at the locations of the IPC and associated companies, namely Kirkuk, Ain Zala, and the pipeline stations.

Trade

Iraq imports manufactured goods and industrial raw materials, of which the most important are textiles, clothing, iron and steel, especially for constructional purposes, machinery, motor vehicles and accessories, electrical apparatus, aviation spirit and lubricating oil, rubber and its products, chemicals and pharmaceuticals, wooden packing boxes, soap, timber, paper and cardboard and their products, tea, coffee, and sugar. The expansion of local industry[1] can be expected gradually to lessen the demand for a number of these commodities and increase the demand for others, particularly constructional materials, machinery, electrical apparatus, and chemicals. Apart from crude oil, her most valuable export, Iraq's exports are almost entirely agronomical—grains (especially barley), dates, raw wool and cotton, animals on hoof, hides, skins, intestines, seeds for oil manufacture (linseed, cotton, sesame), and a few minor commodities such as gums, gall nuts, and liquorice root. Iraq has in addition an appreciable transit trade, consisting largely of goods passing to or from Persia.

Before the Second World War, Iraq's chief suppliers were Great Britain, with between 20 and 30 per cent of total imports, Japan, with between 15 and 20 per cent, India, Germany, the United States, and Persia. During the war, when supplies were limited in quantity and directed from specific sources, Britain's share automatically decreased and India became

[1] See above, p. 283.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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431 Iraq's chief supplier. After the war Britain regained her position, but has in the last two years lost some ground to Japan and Germany. In view of the nature of Iraq's non-petroleum exports, the value and direction of trade in them varies considerably from year to year. Iraq's chief customers are Britain, India, Japan, and Holland.

457 439 Iraq has always had an adverse balance of visible trade, which is now largely offset by oil revenues. The volume as well as the value of both imports and exports has increased considerably in recent years. With the relaxation of war-time controls in 1946 a sudden outburst of spending, with no corresponding increase in exports, raised the visible adverse balance from ID8 million in 1945 to over 36 million in 1948, an expansion which was largely met by agreed releases from Iraq's accumulated sterling balances. Thereafter imports diminished in consequence, among other factors, of the decline in purchasing power, stimulation of local industry, imposition of import restrictions, and the effect of the Great Powers' rearmament programmes on the availability of commodities. The stockpiling which these programmes involved, combined with good harvests in Iraq, the devaluation of the dinar, and the relaxation of export restrictions produced at the same time a rapid increase in exports. Accordingly the adverse balance fell, by 1950, to ID15 million, only to rise again with higher commodity prices and shipping charges and local stockpiling against the risk of war. As a result sterling balances were further depleted until greater oil production and the more favourable oil agreement of 1952, by increasing the value and quantity of invisible exports, redressed the overall balance.

MAIN SOURCES OF IMPORTS

Country	*Value of Imports (ID000)*		
	1950	*1951*	*1952**
Great Britain	18,375	17,200	23,129
U.S.A.	3,079	7,066	11,300
Italy	2,369	3,637	3,580
Japan	829	3,610	3,133
Ceylon	2,269	2,830	3,285
Belgium	451	2,370	2,026
India	3,125	2,302	2,440
Syria	1,013	1,727	1,378
Persia	1,330	1,162	554
Holland	1,053	1,153	1,980
Czechoslovakia	578	1,055	850
Sweden	621	953	896
France	455	850	1,157
Germany, western	99	675	1,325
Total of all countries	37,395	50,871	61,845

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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MAIN DESTINATIONS OF EXPORTS

Country	Value of Exports (ID000) 1950	1951	1952*
Great Britain	3,221	8,258	6,737
Holland	3,854	3,850	1,021
India	1,731	2,624	1,225
Lebanon	1,030	2,239	1,017
Japan	1,759	2,002	2,475
Syria	531	510	711
U.S.A.	631	964	491
Egypt	602	763	498
Kuwait	420	591	..
Jordan	286	1,430	500
Total of all countries	20,051	27,010	18,777

BALANCE OF TRADE
(ID000)

Year	Imports	Exports	Re-exports and exports ex-bond	Visible adverse balance
1947	39,946	13,800	1,523	24,623
1948	45,523	7,584	1,530	36,409
1949	40,501	12,076	1,280	27,145
1950	37,595	20,051	1,580	15,964
1951	50,871	27,010	2,001	21,860
1952*	61,845	18,777	1,244	41,824

.. = Not available. * Provisional.

NOTE: Crude oil exports and transit trade excluded.

(SOURCES: GB, Commercial Relations and Export Dept., *Iraq: Economic and Commercial Conditions in Iraq, 1953* by S. Simmonds, London, HMSO, 1953; Iraq Customs Dept., Statistical Section.)

Sterling Balances

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During the Second World War Iraq accumulated a considerable balance of sterling; but by the Sterling Balances Agreement of July 1947 the bulk of her sterling assets held at that time were blocked in a special No. 2 Account, sterling subsequently received in respect of current transactions being held in a free No. 1 Account. Certain of the blocked sums were thereafter released annually to No. 1 Account, with a limit imposed on the amounts which could be withdrawn from that account for current transactions with scarce currency areas. Iraq's balances in July 1947 amounted to £57·9 million, of which £11 million were free. The free balances rose to £14·5 million by October 1947 but thereafter dropped suddenly, in consequence of, among other factors, expenditure on the Palestine campaign, and by June 1948 had been reduced to £3·5 million. They have subsequently risen steadily, because of more favourable trade balances and the oil agreement of 1952. The total balances have varied similarly, from £59·8

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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439 million in October 1947 to £43·2 million in December 1949 and £55·5 million in September 1952, and are still rising. In October 1950 the Sterling Balances Agreement was amended to the advantage of Iraq, and in July 1952 the sterling held in No. 2 Account, amounting to some £23 million, was freed from all restrictions.

Banking and Currency

652 Banks in Iraq may be classified as follows:

(1) *The National Bank of Iraq*, whose establishment was authorized in 1947 and completed in 1948. Its functions are laid down as: (*a*) to issue and administer the currency and undertake duties arising therefrom, (*b*) to undertake duties arising from international agreements, (*c*) to undertake duties relating to the control of banking and co-ordination of banking operations, (*d*) to undertake duties arising from the control of foreign exchange, (*e*) to keep the accounts of the Government, (*f*) to undertake transactions relating to Government and semi-Government loans.

(2) *Government Banks* for granting loans of special kinds, namely: Agricultural and Industrial Banks, for the encouragement of agriculture and industry, and separate banks for granting mortgages on movable and immovable property.

453 652 (3) *Commercial Banks* of which one, the Rafidain Bank, is governmental, and four are branches of foreign banks.

453 (4) *Sarrafs*—small local bankers who perform most of the functions of the commercial banks but are more rigidly restricted by law in the extent of their operations. Operating with less formality than the commercial banks, they are widely patronized by business men.

The withdrawal of the Jews from Iraq affected banking profoundly; two large commercial banks and most of the *sarrafs* closed down, with a consequent contraction in the supply of credit, so that rates of interest rose abnormally to the detriment of business. The trade in imported goods suffered particularly, since cash was not available for customs clearance. The problem was solved partly by increased domestic production, partly by the enforcement of a law for the control of banking, which compelled the commercial banks to increase their paid-up capital and reserves held in Iraq, reduce their investments abroad in favour of local investments, and increase the banking facilities afforded to businesses. In consequence commercial banks co-ordinated and expanded their activities, and the opportunities for profit encouraged new *sarrafs* to replace those who had withdrawn. A great deal of banking experience and

5: Harrison D-4 (1912-1924) 1924 M1 Middle East
Iraq MH1

well as many western food products, such as candies and fancy crackers. The country is lighted by kerosene oil, much of which comes from America. Numbers of automobiles are to be seen, and in some places even electric lights. All these things represent the gratification of wants that did not exist previous to the entrance of western influence.

There has also been a development of the export trade of the country. However, the articles for export are not many nor of great amount. Dates are the principal product, together with a certain amount of wheat and rice and some hides and wool. In the long run, of course, no more can be brought into the country than is sent out of it, and the trade of Mesopotamia cannot increase to any great figure until her own natural resources are developed.

Just how far these various modern improvements will go remains to be seen. If the British continue in power, there is no doubt that material development will be steady and sound. If they evacuate the country and leave it to an independent local government, progress will be much slower, to say the least. During the war wages went up to fabulous heights, and although prices of food and rent advanced even more, there is no doubt that the sum total of the war's influence was to raise the standard of living in the cities and to stimulate enormously the desire for many western products and for western education. Just now there has been a very sharp reaction; times are hard, work is scarce, wages are poor. Everything western is discounted, and the cry is for an independent national development with the elimination of every foreign influence. The common people long for the golden days of the Turks, forgetting with a completeness quite as-

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245 356 Iraq produces about 80 per cent. of the total
[439] world supply of dates—that is, of the proportion of dates that form an article of commerce, because most dates are eaten directly by the growers, or else bartered. The general conditions under which date palms thrive have already been touched upon, and it is sufficient to recall that the palms can flourish in dry, saline, sandy, loamy, or even water-logged soils, although the maximum yield of fruit is obtained when abundant water is available.

The region of the Shatt el Arab is pre-eminently suited to date-production, and both banks are lined with date groves extending inland for about a mile and a half. Some 25 to 30 million palms are cultivated throughout the region, and of these, one-half are found close to the Shatt el Arab, the rest occurring along the river banks as far north as Latitude 33° N. A curious feature is the rise of the river under the influence of the incoming tide. Fresh water is ponded back in the Shatt el Arab, and floods the banks to a depth of as much as 3 feet to provide natural and regular irrigation of the groves—a phenomenon that from the point of view of the native farmer is wholly estimable.

In order to ensure a good crop, the land is dug over once every four years; and because of the frequent presence of creeks and water-courses, this must be done by hand. Artificial pollination is, as we have already seen, highly necessary; and though most groves include 3 per cent. of male palms, the district of Fao has developed a special trade in male pollen dust, from which other date-growing regions are supplied.

About 130 varieties of date are known, but three are most widely grown. The *Halawi* palm produces the finest fruit, but gives only a moderate yield (44 lb. per tree) (Dowson), whilst the *Sayir* produces slightly less, but is more tolerant of inferior growing conditions, and is probably the most widely grown. The *Zahidi* does not give a fruit of high quality, but the yield is over 120 lb. per tree, and this compensates for the low price obtained. Fertilisation of the female palm takes place in April, and picking begins in August, when large numbers of nomadic tribesmen move into the date-growing areas to work as seasonal harvesters.

273 231 313 289 Besides forming an extremely important part of local diet, dates are used in the distilling of *arak*—the chief fermented beverage outside the vine-growing areas, and one thought to have value as a prophylactic against malaria. The crushed stones are fed to cattle, and both leaves and trunk of the palm are used in light constructional work (houses, boats, even bridges), and also in the manufacture of paper.

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regions for which it acts as commercial outlet and exchange centre. These regions are :

(*a*) The plains of northern Assyria, where there is a dense agricultural population.

(*b*) The hills of Kurdistan, occupied by shepherds practising transhumance.

(*c*) The steppes of the Jezireh, where there is a mixed population of true nomads rearing sheep, cattle and draught animals ; and sedentary farmers.

(*d*) The uplands of the Jebel Sinjar, where pastoralism and agriculture are carried on by the Yezidi.

As a result, there is extreme heterogeneity of peoples within the city. Arabs are in the majority, with smaller groups of Kurds, Christians, Jews, and Yezidi, most of whom speak their own languages. An important mediaeval textile industry (note the word *muslin*) has now disappeared, though coarser textiles using wool as a raw material are still produced in the bazaars, and a recent feature has been the introduction of artificial silk weaving. Mosul is also important for leather working—a reflexion of its position on the edge of the steppe. Manufacturing is, however, less important than trade : grain, timber, hides, and manufactured goods are exchanged, and there are long distance communications with Baghdad and south-east Turkey. Much of the produce from Turkey comes by kelek (page 364).

Basra is an agglomeration of small sites grouped along the western bank of the Shatt el Arab some 70 miles upstream from the Persian Gulf. Basra proper is situated on a small creek 2 miles distant from the Shatt el Arab, and the principal port is at Ashar, on the main river. Modern docks have also been constructed at Maqil, 4 miles upstream from Ashar, and since 1939, further development has taken place at Tanuma on the eastern bank of the Shatt el Arab, opposite Ashar. Because of the recession of the head of the Persian Gulf, the growth of the port is relatively recent, and dredging on a considerable scale is necessary to prevent silting of the channel. Basra handles the greater proportion of the foreign trade of Iraq, and is the centre of the date-growing region, being itself surrounded by date-groves. Dates form the chief item in its export trade. Second in importance amongst exports is grain, with wool, liquorice root, and hides as subsidiaries. Imports consist chiefly of manufactured goods (cement, cotton and woollen textiles, machinery), tea, and sugar. Basra can be reached by large ocean going ships, but about 10 per cent. of its commerce is still carried on in small native craft.

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THE FOREIGN TRADE OF IRAQ

(Year 1946-47)

Total Value of Trade in £ Sterling : £67 million
Amount per head of population : £14

Imports	*Percentage of Total*	*Exports*	*of Total*
Cotton Goods	14	Crude Oil	48
Iron & Steel	11	Barley	23
Vehicles	10	Dates	18
Total imports, £40 million		Total exports, £27 million	
Suppliers :		Buyers :	
(1) United Kingdom		(1) United Kingdom	
(2) India		(2) India	
(3) U.S.A.		(3) U.S.A.	

423 tribal organization there was no clear definition of individual rights of ownership to the collectively-owned land. It was a 619 system which could exist as long as no one thought about it; as long, that is, as the tribe was accepted as the unit of political life, and as long as no individual claims were likely to be made. It is for this reason that it is impossible, once the tribal system has ceased to be the political unit, to settle land on a tribal basis; and yet to settle land on the basis of the supposed individual claims creates grave injustice, because in practice it means that too much land is allotted to the sheikhs and that the cultivators are reduced to the position of tenants or labourers.

• 439 Since the early years of the twentieth century the tribal system has been breaking up, and the economic development of the country in the twenty years between the wars has hastened its disintegration. When water transport came to the Persian Gulf towards the end of the nineteenth century, export markets opened for Iraq grain; the subsistence economy broke down and production for export began. Exports of grain increased from 65,000 tons in the early eighteen-nineties to 120,000 tons in 1909–13, and to 380,000 tons in 1934–9. The profitability of 556 export has given the tribal chiefs a motive for acquiring land as their personal property.

The tendency to acquire land for the sake of money income was much strengthened, in the twenty years between the two wars, by the rapid extension of pump irrigation and the accompanying increase in the cultivated area. Pump installations 312 have increased from 143 in 1921 to 3,000 in 1944, and provide 426 water for some 2½ million acres of land, or over half the cultivated land in the irrigated zone. The installation of a pumping system is comparatively cheap, costing some £2,000 before the recent war, but it is far beyond the means of the peasants, so that pumps have been installed by sheikhs, or more frequently by city notables, who make contracts to supply them to peasants at extortionate rates of interest, and so gradually acquire the land in payment of debt. In many cases the sub-chiefs, or sirkals, have become pump owners.

423 Thus in the regions of pump irrigation the tribal system has entirely ceased to function. The land is mainly the property of 427 the pump owners, with the cultivators taking a meagre share of the crop, varying from one-seventh to one-fourteenth or one-

29:Dunn S-4 (1952)1952 MI Middle East
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161 311 poverty probably unequalled anywhere in the world. Throughout the centuries, production has declined as neglect and misuse have drained the fertility from the soils and permitted salt to seep in and ruin for cultivation thousands of acres in this Garden of Eden.

[146] 511 The people, undernourished and ravaged by disease, have degenerated as the land has deteriorated. One would never guess that the present inhabitants, oppressed by poverty and ignorance, were in any way related to those men who shaped the history of the world for so many centuries. Many

[Text continues on p. 88--Analyst]

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Table 27

IRAQ: Specified Exports as Per Cent of Total Exports
1937, 1949, 1950, and 1951
Value

Item	1937	1949	1950	1951
	Per Cent			
Crude Petroleum	65	53	51	51
Barley	7	20	19	21
Dates	6	11	10	19
Others	22	16	20	9
Total	100	100	100	100
Total Value Converted to Millions of Dollars	79	92	126	166

SOURCE: International Monetary Fund.

Table 28

IRAQ: Exports to Specified Countries as Per Cent of Total Exports
1937, 1949, and 1950
Value

Country	1937	1949	1950
	Per Cent		
France	31	25	38
United Kingdom	18	14	12
United States	7	2	6
India	2	9	3
Netherlands		8	7
Others	22	42	34
Total	100	100	100

SOURCE: International Monetary Fund.

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COTTON IN IRAQ

Table 29

IRAQ: Specified Imports as Per Cent of Total Imports 1948, 1949, and 1950
Value

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Item	1948	1949	1950
	Per Cent		
Cotton Textiles	16	14	14
Wool Textiles	3	3	2
Rayon Textiles	1	2	4
Iron and Steel Products	11	12	10
Others	69	69	70
Total	100	100	100
Total Value Converted to Millions of Dollars	183	148	105

SOURCE: International Monetary Fund.

Table 30

IRAQ: Imports from Specified Sources as Per Cent of Total Imports 1937, 1949, and 1950
Value

Source	1937	1949	1950
	Per Cent		
United Kingdom	30	42	39
Japan	18	11	2
United States	8	1	7
India	7	5	[1]
Germany	7	1	1
Italy	2	8	[1]
Others	27	31	43
Total	100	100	100

[1] Included in others.

SOURCE: International Monetary Fund.

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COTTON IN IRAQ

other commodities. As might be expected in such a situation, the system of classification is limited. The cotton is usually sold on types. Ginners indicate they will buy and sell cotton themselves in the future as in many other countries. 442

The one large cotton spinning mill is putting in its own gin to supply the mill with its requirements of around 15,000 bales annually. This will restrict merchandising to exports unless and until another mill is built.

OIL MILLS 388

There is one oil mill which crushes the largest part of the seed produced. The rest is exported. The capacity of this plant is to be increased and facilities for processing oil products are being added.

EXPORTS 439

Iraq has exported approximately 18,000 bales during each of the past two years, mostly to Germany and Japan, with smaller quantities to Holland, Italy, Spain, and the United Kingdom.

IMPROVEMENT PROGRAMS 248 654

The Director General of Agriculture has promulgated an ambitious 10-year program for increasing cotton production to about 500,000 bales. In time, he believes that on the basis of the available land and water Iraqi production can be boosted to more than a million bales. While admitting his program is ambitious, the Director General appears to be firmly convinced it can be accomplished, given adequate technical assistance.

United States agricultural experts with the Point Four Program are inclined to agree that the country's natural resources can support a potential cotton production of this magnitude. The rate of increase, they think, will depend on how effectively the technical resources of the country are organized and applied.

The Director General is highly regarded for his technical as well as his administrative ability and particularly for his driving force. He is especially well qualified to direct the cotton improvement program, having graduated in cotton agronomy from Texas A. & M. College.

Long-Range

For long-range improvements he is depending on the agricultural research agencies now being organized to develop better varieties, more effective irrigation and cultural practices, better insect control techniques, and improved methods of classification and marketing. Still in the planning stages, the research program has done some fairly effective work, especially on variety selection, propagation, and fertilization.

Insect Control

One of the main research problems is the control of insects. The government estimates that 75 per cent of the 1951 cotton crop was destroyed by insects, principally by the spiney bollworm, *Earis insulana* (Boisd.), a white fly that attacks the leaves, and by aphids. Fortunately, the Director said, the pink bollworm has not made its appearance in the country. Experiments are 242

241 commercial crops in the rain-fed zones of the north; dates, cereals and cotton, in the south. The date-palm groves in the irrigated lands along the Shatt al Arab and the Euphrates rivers, and in scattered areas along the Tigris, furnish almost one third of the 233 world's supply of dates. Sheep, goats, cattle and other livestock are raised in large numbers by the nomadic and the seminomadic 439 peoples. The chief agricultural exports are dates, barley and other grains, cotton, wool, hides and licorice: this last-named item grows wild in many localities in the south. 242 The government is promoting the adoption of modern methods of farming and animal husbandry and the expansion of irrigation facilities. It operates special agricultural schools and experimental farms in different parts of the country, as well as a date research station near Basra. Within the last few years it has initiated settlement and demonstration projects on state lands at Dujayla, near Kut; at Shahrizor, near Sulaimaniya; at Huwaija, near Kirkuk; and at Sinjar, near Mosul.

135 With the exception of the oil reserves, the mineral resources of Iraq are negligible. Small deposits of lignite, gypsum, sulfur and other minerals are known to exist in the north, while salt beds are found in widely 472 distributed areas. Industrial development is 438 slight, in spite of the impetus supplied by the shortage of materials during the recent war years. Small craft industries flourish in the urban centers, and a few modern factories have been established in Baghdad and Mosul for the processing of local products. These consist primarily of plants for the manufacture of textiles, cement, bricks, distilled liquors, soaps and cigarettes.

135 The petroleum industry has expanded rapidly since the discovery of oil, in 1927, at Baba Gurgur, in the Kirkuk region. The reserves, which are reputed to be among the richest in the Middle East, provide a pri- 471 mary source of wealth for the country. The Iraq Petroleum Company holds concessions, originally granted in 1925, covering the lands east of the Tigris River and north

Petroleum

433 The petroleum industry in Iraq has made striking progress during the post-war
382 period. Production and exports, which had been low mainly owing to the lack of
315 transport facilities, increased sharply following construction of new pipelines
● 439 to the seacoasts. Exploration activities led to the discovery of new oilfields, which are being developed. As a result of increasing output of petroleum and the revision of the terms of payment, Iraq's oil revenues have multiplied. These revenues have provided the financial means for development of the country's resources. Revenue from the oil industry, which is in the form of sterling, together with the substantial and rising foreign exchange disbursements of the oil companies for local expenditures, increased considerably the foreign exchange supplies of the country and made larger imports possible. Availability of
[464] petroleum products, at relatively low cost, has facilitated economic development, and the consumption of oil products has increased severalfold. In addition, the petroleum industry has given employment to an increasing number of employees (see table 27) and is providing them with training. After a setback during the war years, when production declined to 1.6 million metric tons in 1941, output of crude petroleum in 1944 recovered to its pre-war level of 4.3 million metric tons. Construction of two additional pipelines, parallel to the previous lines and with a yearly capacity of about 4.5 million tons each, started immediately after the end of the war. The pipeline to Tripoli was completed in 1949, but construction of the other, destined for Haifa, was interrupted by the Palestine conflict and it remains incomplete. Another large-diameter pipeline with an annual throughput capacity of 13.5 million tons, linking the Kirkuk field to Baniyas in Syria, was completed in 1952 at a cost of ID 41 million. In the meantime, the activities of the Basrah Petroleum Company and the Mosul Petroleum Company, Ltd., both affiliated with the Iraq Petroleum Company, led to the discovery of Ain Zalah and Butmah oilfields in the Mosul area, and Zubair and Rumaila oilfields near Basra. The development of these fields, especially Zubair, and the installation of pipelines and oil handling facilities during the past four years, has increased substantially the crude petroleum export capacity of Iraq. In addition, another smaller oilfield had been discovered by a subsidiary of the Anglo-Iranian Oil Company before the war at Naftkhaneh, near the Iranian border, and its output, which was refined locally, served the domestic market exclusively.

As a result of the foregoing developments during the last decade, as well as increasing world demand for petroleum, production of crude oil, which had declined from 4.7 million tons in 1946 and 1947 to 3.4 million tons in 1948, because of the Palestine conflict and the shutdown of the pipeline to Haifa, started to rise sharply, to 6.5 million tons in 1950, 18.9 million in 1952, and 29.6 million in 1954, representing in the latter year 4.3 per cent of the world's crude petroleum output as against 1.5 per cent in 1938. This production may be compared with proved oil reserves, which were estimated at 700 million tons in early 1949, and nearly 2,300 million tons at the end of 1954. Total investment in the petroleum industry of Iraq was estimated in 1952 at approximately ID 90 million, of which the main portion had been for construction of pipelines.

439 Iraq is exclusively an exporter of crude petroleum; the value of petroleum
382 exports was estimated at ID 137 million in 1954 as compared with ID 10 million
471 in 1938. Exports are handled by the parent companies of the Iraq Petroleum Company and its affiliates, but under the terms of the February 1952 agreement,

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Table 27. Iraq: Operations Of Petroleum Companies, Selected Years

(Output in thousands of metric tons; value in millions of Iraqi dinars)

Year	Production (crude petroleum)	Consumption of petroleum products	Estimated value of crude petroleum exports	Value of imports by petroleum companies	Direct payments by petroleum companies a/	Foreign exchange disbursements by petroleum companies for local expenses	Number of employees in petroleum industry b/
1927-33 ...	105	125	-	...	0.64	...	3.6
1938	4,298	190	10.3	1.0	1.98	0.58	4.5
1941	1,566	265		0.3	1.46	...	3.3
1946	4,680	385	10.8	2.4	2.33	2.14	11.3
1947	4,702	470	14.0	5.0	2.35	5.60	14.6
1948	3,427	505	11.4	9.3	2.01	7.03	14.2
1949	4,067	520	14.1	10.3	3.24	6.40	12.9
1950	6,479	560	28.7	8.4	5.35	4.39	11.4
1951	8,351	610	37.1	8.7	13.21 c/	5.69	11.0
1952	18,843	710	83.0	14.4	37.41 c/	7.18	13.3
1953	28,217	795	125.6	13.2	49.87 d/	...	13.2
1954	29,550	...	136.9	....	67.50 d/	...	...

Source: United Nations, Statistical Yearbook; International Monetary Fund, Balance of Payments Yearbook, and International Financial Statistics (Washington, D.C.); Ministry of Economics, Statistical Abstract of Iraq (Baghdad); National Bank of Iraq, Quarterly Bulletin No. 11, July-September 1954 (Baghdad).

a/ Figures are for fiscal years beginning on 1 April of the year stated.

b/ Thousands; end of year data.

c/ Including ID 5 million for settlement of previous claims.

d/ Calendar year.

439 the Government of Iraq is entitled to take, as part of the payment by the oil companies, up to 12.5 per cent of crude oil produced by the operating oil companies and to develop its own export market. Refining activities are relatively small. There were three refineries at the end of 1953, with a combined annual capacity of nearly 800,000 tons of crude throughput. The output of petroleum products increased from 350,000 tons in 1949 to 650,000 tons in 1952. In order to increase refining capacity to meet rising local demand, the Government is constructing a refinery, with a capacity of over one million tons a year at Dora, near Baghdad. The plans was expected to cost ID 9 million and to start operations in 1955. In addition, the Government approved in 1953 a proposal to construct a lubricating oil plant to meet local needs. These government refineries will be supplied by crude oil, sold by the Iraq Petroleum Company, according to the February 1952 agreement, and delivered to the Government at K.2 pumping station; from there the Government will carry it in its own pipeline. The price of such oil, which will be for sale only in Iraq, is to be five shillings, sixpence, per ton of oil, plus a fixed charge of £63,000 per annum as the cost of pumping such oil to K.2 station. Consumption of petroleum products in Iraq increased from about 190,000 tons in 1938 to 385,000 tons in 1946 and nearly 800,000 in 1953.

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651 Government revenues from oil operations were multiplied because of increasing production and exports and because of changes in the terms of payments by the producing companies. Prior to 1950, Iraq received the equivalent of $1.65 a ton, which was increased to about $2.45 a ton according to the agreement concluded in August 1950. This in turn was superseded, in February 1952, by a new agreement, retroactive to 1 January 1951, between the Government of Iraq on the one hand and the Iraq Petroleum Company, Basrah Petroleum Company and Mosul Petroleum Company, on the other. The agreement provided for an equal sharing of profits, with profits to be determined before deduction of foreign taxes, on the basis of fixed values and costs of petroleum. Under article 9 of this agreement, the share of the Government in profits from crude oil of Kirkuk quality on the Iraqi-Syrian border was calculated to amount to 35s. 6d. per long ton in 1951, increasing to 40s. 6d. in 1953 and thereafter; the corresponding figures on the Persian Gulf at Fao were 29s. 4 1/2d. and 34s. 4 1/2d. per long ton, respectively. This provision involved a discount of 17s. 6d. per long ton for Kirkuk oil from its Iraqi-Syrian border value, and 13s. for southern Iraqi oil from the posted prices in the Persian Gulf. A new agreement reached in March 1955, retroactive to January 1954, reduced this discount to a flat rate of 2 per cent, and resulted in a rise of 7s. per ton in revenue for Iraq. Direct payments to the Government, which were the equivalent of about ID 2 million in the fiscal year 1938/39 and ID 2.3 million in 1946/47, increased to ID 5.4 million in 1950/51 and nearly ID 68 million in 1954, all paid in sterling. Local expenditures by the oil companies for the purchase of local materials and payment of wages to workers, kept pace with the development of the petroleum industry; such sterling disbursements of the oil companies amounted to the equivalent of ID 7.2 million in 1952 as against ID 2.1 million in 1946 and ID 580,000 in 1938.

Other industries

433 Government attempts to promote industrialization began with the "Encouragement of Industries" Law of 1929, which exempted industrial machinery and certain raw materials from customs duties and also exempted new industries from certain taxes;

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Foreign trade and balance of payments

Exports of commodities other than petroleum fluctuate considerably from year to year, with changes in the size of crops, but an upward trend may be discerned in the post-war period. Merchandise exports, excluding petroleum, increased from an average of ID 12.6 million in 1945-47 to ID 22.9 million in 1951-53; this reflects both an increase in quantum and a rise in price. Imports, including goods brought in by the petroleum companies, rose still more rapidly, for the same reasons, from an average of ID 32.3 million in 1945-47 to one of ID 60.5 million in 1951-53. Over the period, the deficit in the balance of trade was covered by the foreign exchange disbursements made by the petroleum companies.

The leading exports continue to be, in addition to petroleum, barley and other grains, dates, cotton and wool. The increase in the quantum of exports shown in table 5 is due mainly to increased exports of grains, wool and cotton. The increase in imports covers all classes of commodities. Capital goods now account for a greater proportion of imports than they did before the Second World War. Excluding imports by petroleum companies, they dropped from 40 per cent of total imports in 1938 to an average of 36 per cent in 1946-48 but rose to 39 per cent in 1949-51 and 46 per cent in 1952-54. The increase has been particularly great in iron and steel products - from 52,000 metric tons in 1938 to 155,000 tons in 1953 - and in machinery and vehicles. Among foodstuffs, the most important increases have been in tea, imports increasing from 3,200 metric tons in 1938 to 12,200 tons in 1953, and in sugar, where the increase was from 44,000 tons to 101,000 tons. Imports of cotton textiles decreased, partly owing to greater local production, but those of rayon goods doubled between 1938 and 1953. Imports of chemicals and pharmaceuticals increased severalfold.

If exports of petroleum are excluded, the United Kingdom is by far the most important market for Iraqi goods; in 1951-53 it took 32 per cent of exports. It was followed by India, the Netherlands, Japan and Lebanon, in that order. If petroleum exports are included, France is the principal market, followed by the United Kingdom, Germany, the Netherlands and India. 1/ As regards imports, including those brought in by the petroleum companies, in recent years 36 per cent have originated in the United Kingdom, 16 per cent in the United States, 6 per cent in Japan, 6 per cent in Italy and 6 per cent in Ceylon.

Table 6 shows the movements in terms of trade, excluding exports of petroleum. It will be seen that, since 1946, export prices have shown little change while import prices have risen significantly, resulting in a deterioration in terms of trade. The inclusion of petroleum would greatly change the picture; since, as far as the Iraqi economy is concerned, the "export price" of petroleum is, in effect, the royalties and other payments made by the producing companies to the Government, the more favourable terms obtained by the Government under the agreements of August 1950 and February 1952 represent a sharp increase in receipts per unit of petroleum exports.

Table 28 shows the main items in the balance of payments of Iraq. It will be seen that, in every year except 1950, when exports were high while imports were

1/ In recent years, France has been taking nearly one-half of Iraqi exports of petroleum, Germany one-ninth and the United Kingdom one-ninth (Carl Iverson, Monetary Policy in Iraq (Baghdad, 1954), page 81).

Table 28. Iraq: Balance of Payments, 1947 to 1953

(Millions of Iraqi dinars)

Item	1947	1948	1949	1950	1951	1952	1953
Transactions of petroleum companies[a]:							
Exports f.o.b. and local sales ..	14.04	11.20	14.10	29.59	39.61	83.28	121.44
Imports c.i.f.	- 5.06	- 9.55	- 10.29	- 9.39	- 8.77	- 14.42	- 13.19
Remittances of profits, etc.	- 6.35	- 2.11	- 5.76	- 22.46	- 18.37	- 42.36	- 51.33
Recorded capital movements	5.06	11.56	9.59	10.12	6.85	13.23	- 3.26
Total	7.69	11.10	7.64	7.86	19.32	39.73	53.66
Other goods and services[a]:							
Exports f.o.b.	17.33	10.34	14.82	26.03	35.01	22.53	23.05
Imports c.i.f.	- 35.02	- 36.88	- 30.97	- 28.94	- 43.24	- 48.61	- 56.90
Services	0.13	1.83	2.92	3.86	- 0.17	- 0.51	0.56
Total	- 17.56	- 24.71	- 13.23	0.95	- 8.40	- 26.59	- 33.29
Private donations and capital[a]	0.25	- 0.23	- 0.35	0.83	- 0.39	1.53	0.40
Official donations and long-term capital	- 0.95	- 0.52	- 0.02	2.53	0.17	1.12	- 1.47
Net errors and omissions	2.18	1.20	4.22	- 3.93	- 10.26	- 4.87	2.50
Total, excluding transactions of petroleum companies	- 16.08	- 24.26	- 9.38	0.38	- 18.88	- 28.81	- 31.86
Monetary movements[b]	8.39	13.16	1.74	- 8.24	- 0.44	- 10.92	- 21.80

Source: International Monetary Fund, Balance of Payments Yearbook, 1947-1953 (Washington, D.C., 1954).

a/ Minus sign indicates debit.

b/ Minus sign indicates purchase of securities or increase in assets.

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reduced by rigid controls, there was a large import surplus, which was only partly covered by such items as expenditures made by pilgrims and tourists in Iraq, receipts from transit trade and expenditure by foreign vessels in Iraqi ports. The main capital transfer items in the non-oil sector were drawings on the Iraqi State Railway Loan and the loan from the International Bank for Reconstruction and Development, and repayments of loans. Part of the large debit items shown under "errors and omissions" probably represent flight of capital.

The deficit in the non-oil sector has, since 1950, been more than covered by the surplus in the oil sector. In the years 1948 to 1950, the combined value of imports made by the petroleum companies and the profits and salaries remitted abroad by them exceeded the value of the petroleum exported. The large amount of capital brought in by the companies for investment, however, resulted in an over-all surplus in the oil sector. Since 1950, the value of petroleum exports has greatly increased and the surplus has risen considerably.

During the years 1947 to 1949, the surplus in the oil sector failed to cover the deficit in other sectors, and Iraq drew heavily on its sterling balances and other foreign assets. 1/ Beginning with 1950, however, there has been an increase in foreign assets, owing to the surplus on current account; in 1952 and 1953, this surplus was very large. The foreign assets of the National Bank of Iraq increased from ID 35.1 million at the end of 1949 to ID 41.9 million in 1950 and, after a small drop in 1951, to ID 46.7 million in 1952 and ID 64.6 million in 1953; at the end of September 1954, they stood at ID 77.6 million. At the end of 1953, all but ID 1.9 million consisted of sterling assets. 2/

As Iraq is part of the sterling area, its needs for dollars have been met from the dollar pool of that area. Since 1949, annual exports to the United States have been below ID 1 million while imports have ranged between ID 3.1 and ID 11.3 million; both earnings and expenditures of dollars on non-merchandise transactions have been small.

Monetary system and public finance

Money and Banking

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The basis of Iraq's monetary system was determined by the Iraq Currency Law of 1931 entrusting management and note issue to a Currency Board, sitting in London, which functioned until 1 July 1949 when the National Bank of Iraq, established in 1947, assumed control. The Bank is authorized to maintain a reserve "composed of gold and foreign currencies at a ratio of not less than 70 per cent and Iraqi Government securities at a ratio not exceeding 30 per cent". However, the National Bank during its early years of operation continued the Board policy of 100 per cent foreign exchange cover and exercised a passive role towards the amount of the money supply, which is mainly affected by changes in the balance of payments.

1/ Iraq sterling balances fell from £57.2 million at the end of 1947 to £43 million at the end of 1949.

2/ National Bank of Iraq, Quarterly Bulletin (Baghdad).

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441 MERCANTILE BUSINESS--extent of specialization in commerce; types and distribution of mercantile businesses; social status and special characteristics of merchants; business men's organizations (e.g., merchant guilds, trade associations, chambers of commerce); general characteristics of merchandising; special mercantile privileges and restrictions; etc. See also:

Urban commercial facilities 366
Occupational specialization 463
Craft guilds 487
Competition 477
Business schools 874

5: Harrison D-4 (1912-1924) 1924 M1 Middle East
Iraq MH1
Iraq Bedouin MH8

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or bridle, except as these appurtenances are put on for show, and it is a beautiful sight to see an Arab on his pet mare galloping over the plain, the two appearing almost as one animal.

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Among these nomads much the same ideas of equality and brotherhood prevail as are seen in Central Arabia. Tribal loyalty is very strong, and no one would think of stealing from a brother tribesman. From another tribe, however, there is a continual effort to steal all the hoofed property that can be abstracted. Conceptions of property are the same sort of semi-communistic ideas that seem to characterize the Bedouin everywhere. The game of compulsory exchange goes on merrily and is the spice of life to those hardy desert rangers. Whatever government eventually prevails may expect to have a hard time in taming them and teaching them some sort of civilized respect for the property of other people.

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In marked contrast to the more or less primitive existence of these Mesopotamian nomads is the life of the large cities. Indeed Baghdad, Mosul and Basra, the principal cities of Mesopotamia, are more or less similar to cities in America in their organization and in the different classes of people they contain. The merchant class, which is large and prosperous, includes petty shopkeepers and great merchants with every gradation between these two extremes. The bazaars show a bewildering profusion of goods, in part locally manufactured and in part imported. The great bazaar in Baghdad has entire streets devoted to the sale of the peculiar red shoe that is characteristic of that city. Whole streets again have little or nothing except earthenware of every sort and description. Great rooms are piled to the ceiling with these utensils. In a general way

5: Harrison D-4 (1912-1924) 1924 M1 Middle East
Iraq MHI

463 565 441 each kind of goods has its special section of the bazaar. The brass- and copper-smiths' quarter rings like a small boiler factory all day long. The artisans who are engaged in producing these commodities form a considerable section of the Mesopotamian city population and are fairly prosperous and contented, much more so than the date gardeners of the outside districts. Supreme over them all stands the Mesopotamian silver worker, whose antimony silver work can scarcely be duplicated anywhere in the world.

463 871 794 177 The professional classes in these Mesopotamian cities are fairly well developed. There are teachers of every sort. Some of them have been trained abroad, but many are indigenous and a very great credit to the schools that have turned them out. There are a number of government schools, and in addition the different religious sects maintain schools of their own. In these days when western education is in great demand, the schools of the Jews and the Christians are patronized by an increasing number of Mohammedans. No local medical profession nas been developed as yet, but the wealth and the culture of Mosul, Baghdad and Basra have attracted a considerable number of trained physicians from outside. We have therefore the beginnings of a medical profession, and although it is not yet indigenous, it will soon become so. Its ethics are not of a very high order; the campaign of the American College of Surgeons to abolish fee-splitting would not make much headway among Mesopotamian doctors, but time will develop ethical standards, and at the worst the profession is a long way in advance of the quacks that infest Arabia proper. There is also a well-established group of lawyers. One of the results of the governing of the country for hundreds of years by

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442 WHOLESALE MARKETING--degree of specialization in wholesale marketing; prevalent types of wholesale business; methods and techniques of wholesale merchandising; buying at wholesale (e.g., specialized buyers, conventions, wholesale lots, discounts); information on specific wholesale businesses; etc.

See also:
Stock exchanges 488
Producers' cooperatives 474
Warehousing 488

29: Dunn S-4 (1952)1952 MT Middle East
Iraq MHI

COTTON IN THE MIDDLE EAST

PRODUCTION

433 Industry at present is confined largely to processing agricultural products, producing building materials, and manufacturing consumer goods—matches, soap, cigarettes, shoes, beverages, and textiles.

Conditions are favorable for further industrial development. Opportunities are abundant for producing agricultural raw materials for processing, and indications are that iron, copper, zinc, chrome, sulphur, and salt exist in commercial quantities. With plenty of oil and natural gas, fuel is no problem. Manpower is adequate, and with proper training the Iraqi workman is said to be competent. A higher level of agricultural production would create also a wider market for manufactured products.

There are a number of limitations. The lack of technical "know-how" and the lack of sufficient private capital and initiative are the most important. Much capital, particularly that accumulated from agriculture, is said to be hoarded; and the balance generally is invested in urban or rural property, which is regarded as less risky, or in commerce where investors anticipate a 471 high rate of return. It is suggested for this reason that industrial development in the immediate future will have to depend very largely upon the

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—Photo Courtesy of Technical Cooperation Administration

In most of the Middle East countries, cotton harvesting and, to a certain extent, weeding depend on migrant laborers who travel from one area to another. In Iraq, most of the members of the migrant farm worker's family walk, carrying their household goods on their heads. Only the tiniest youngsters and the oldest women ride the burros.

29:Dunn S-4 (1952)1952 Ml Middle East
Iraq MH1

248 established tenure systems, and the primitive methods likely will disappear slowly.

Earlier British experiments in the area indicated March 15 to April 15 as the optimum sowing dates, but reports are that cotton usually is planted much later, either because of laxness or because of labor competition with other crops. Some farmers try to get wheat off and then plant cotton, which throws the cotton very late. Cotton planted in April will begin opening in August. The Rogers Acala undergoes a dormant period of several weeks after the first bolls open and then continues to set and mature bolls up to January. About 80 per cent of the cotton is made on what is called this second or late flush. Picking goes on during all this period.

GINNING

248 407 Until a few years ago there were only about four saw gins with 10 stands in the country and no roller gins. The large profits in recent years on the limited number of gins and the general interest in expanding the crop have prompted a rush to buy new equipment. A total of seven gins operated last season, of which three were newly constructed by the Murray Gin Company. This company has sold three more new gins with a total of 16 stands, which are in process of erection. All the new gins are fully equipped with overhead Mitchell cleaner-feeders and one has the new incline cleaner. Not only the equipment but also the buildings, offices, and storage houses are very modern.

All the gins, with one exception, are privately owned. However, the government will buy another small gin for experiment station use in ginning pure seed that is produced on the station's farm. All the gins except one near Mosul are in the Baghdad and Kut areas.

A great deal of hand labor is employed in the storage houses for picking out foreign matter and damaged and immature locks of cotton before ginning. There are reports that as much as 35 per cent of the weight of the seed cotton coming to the gins is taken out as extraneous foreign matter added to increase the weight of the bales. The government is making a strenuous effort to protect the reputation of cotton by encouraging better ginning.

To facilitate transportation, the ginners make a light 400-pound bale covered on six sides in light-weight burlap and bound with a continuous narrow steel band which is simply tucked under at the end instead of buckled. There are no other compresses and the cotton must be exported in the form in which it comes from the gin. This results in a heavy freight charge, since the gin bales have a density of only 16 to 18 pounds.

442 MARKETING

[489] The farmers themselves take the seed cotton in bags to a central market place, usually located at the gins, and sell to merchants. Transportation is scarce. Oftentimes the cotton is carried by the farmer in sacks on his back or his head for miles.

The merchants make little differentiation in price for fiber quality. They do make allowances for foreign matter and moisture which, merchants claim, are added by the farmers in an effort to increase the weight. The merchants gin the cotton for their own account and retain title to the seed and the lint.

The merchandising system can best be described as haphazard. The volume of cotton is small, and merchants handle the cotton along with many

29:Dunn S-4 (1952)1952 Ml Middle East
Iraq MH1

COTTON IN IRAQ

other commodities. As might be expected in such a situation, the system of classification is limited. The cotton is usually sold on types. Ginners indicate they will buy and sell cotton themselves in the future as in many other countries.

The one large cotton spinning mill is putting in its own gin to supply the mill with its requirements of around 15,000 bales annually. This will restrict merchandising to exports unless and until another mill is built.

OIL MILLS

There is one oil mill which crushes the largest part of the seed produced. The rest is exported. The capacity of this plant is to be increased and facilities for processing oil products are being added.

EXPORTS

Iraq has exported approximately 18,000 bales during each of the past two years, mostly to Germany and Japan, with smaller quantities to Holland, Italy, Spain, and the United Kingdom.

IMPROVEMENT PROGRAMS

The Director General of Agriculture has promulgated an ambitious 10-year program for increasing cotton production to about 500,000 bales. In time, he believes that on the basis of the available land and water Iraqi production can be boosted to more than a million bales. While admitting his program is ambitious, the Director General appears to be firmly convinced it can be accomplished, given adequate technical assistance.

United States agricultural experts with the Point Four Program are inclined to agree that the country's natural resources can support a potential cotton production of this magnitude. The rate of increase, they think, will depend on how effectively the technical resources of the country are organized and applied.

The Director General is highly regarded for his technical as well as his administrative ability and particularly for his driving force. He is especially well qualified to direct the cotton improvement program, having graduated in cotton agronomy from Texas A. & M. College.

Long-Range

For long-range improvements he is depending on the agricultural research agencies now being organized to develop better varieties, more effective irrigation and cultural practices, better insect control techniques, and improved methods of classification and marketing. Still in the planning stages, the research program has done some fairly effective work, especially on variety selection, propagation, and fertilization.

Insect Control

One of the main research problems is the control of insects. The government estimates that 75 per cent of the 1951 cotton crop was destroyed by insects, principally by the spiney bollworm, *Earis insulana* (Boisd.), a white fly that attacks the leaves, and by aphids. Fortunately, the Director said, the pink bollworm has not made its appearance in the country. Experiments are